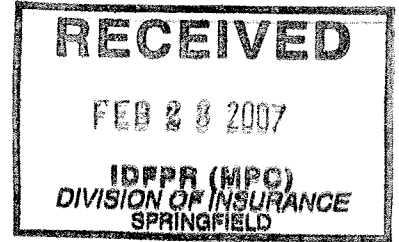
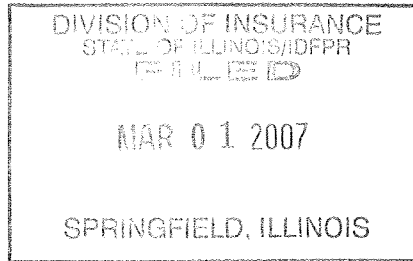


Doctors Direct Insurance, Inc.

February 27, 2007

Gayle Neuman, Insurance Analyst  
Illinois Division of Insurance  
320 West Washington Street  
Springfield, IL 62767-0001



Re: Doctors Direct Insurance, Inc. FEIN 06-1791609 ✓  
Rate Filing # DD R 22007  
New Filing for Claims Made Medical Professional Liability (Medical Malpractice)  
Insurance for Physicians and Surgeons  
Effective Date of Use – March 1, 2007

Dear Ms. Neuman:

Enclosed please find a competitor rate analysis performed by the Perr & Knight, Inc. actuarial firm, and Rating Manual that constitute Doctors Direct Insurance Inc.'s rate filing for writing physicians and surgeons professional liability coverage in Illinois. Doctors Direct Insurance, Inc. in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate.

I have provided all information in duplicate and request that you return one copy of all forms be stamped "filed" by your department and be returned to Doctors Direct in the self addressed stamped envelope provided.

Thank you in advance for your assistance and please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeffrey B. Strand".  
Jeffrey B. Strand, President

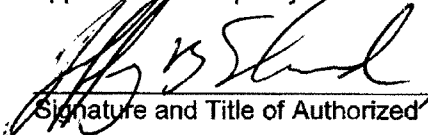
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## ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Jeffrey B Strand, a duly authorized officer of Doctors Direct Insurance, Inc., am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Karen Daley, a duly authorized actuary of Perr & Knight, am authorized to certify on behalf of Doctors Direct Insurance, Inc. making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

 President  
Signature and Title of Authorized Insurance Company Officer

4-24-07  
Date

  
Karen Barrett Daley, FCAS, MAAA, Consulting Actuary  
Signature, Title and Designation of Authorized Actuary

04/20/2007  
Date

Insurance Company FEIN: 06 - 1791609 Filing Number: DD R 22007

Insurer's Address:

1100 Jorie Blvd, Suite 355  
Oak Brook, IL 60523

Contact Person's:

-Name and E-mail: Jeffrey B. Strand jeff.strand@ddiimail.com

-Direct Telephone and Fax Number: 630-574-9800 630-574-9201

## Neuman, Gayle

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**From:** Jeff Strand [Jeff.Strand@ddiimail.com]  
**Sent:** Monday, April 23, 2007 9:35 AM  
**To:** Neuman, Gayle  
**Cc:** Scott Dutton  
**Subject:** RE: Rate/Rule Filing #DD R 22007

Dear Ms. Neuman,

I thought we had responded to the statistical plan in our cover letter in March. Apparently we did not, I apologize.

Doctors Direct Insurance, Inc. will maintain its own plan for statistical reporting of medical malpractice data.

Thank you for your patience and assistance.

Jeff Strand, President

Doctors Direct Insurance Inc  
1100 Jorie Blvd  
Suite 355  
Oak Brook, IL 60523

Office 630-574-9800  
Mobile 312-401-2020  
Fax 630-574-9201

[www.DoctorsDirectInsurance.com](http://www.DoctorsDirectInsurance.com)

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Thursday, April 19, 2007 11:07 AM  
**To:** Jeff Strand  
**Subject:** Rate/Rule Filing #DD R 22007

Mr. Strand,

Based on the manual I received April 18, 2007, I have basically completed me review of this filing. I am now ready to route this filing through the Actuarial Division and other various personnel through to the Director.

At this time, I am just requesting an e-mail as written confirmation that Doctors Direct has its own plan for the gathering of medical liability statistics. We discussed this as it was included in my 3/13/07 e-mail, however no written response was provided. We request in the future that you provide a written response to all issues being questioned, even if the response simply is that the company is removing the material from the manual.

Your prompt attention is appreciated.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

4/23/2007

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO:  
[Gayle.Neuman@illinois.gov](mailto:Gayle.Neuman@illinois.gov)

## Neuman, Gayle

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**From:** Jeff Strand [Jeff.Strand@ddiimail.com]  
**Sent:** Wednesday, April 18, 2007 2:40 PM  
**To:** Neuman, Gayle  
**Cc:** Scott Dutton  
**Subject:** RE: Rate/Rule Filing #DD R 22007  
**Attachments:** Doctors Direct Rating Manual - final redlined revised 04-01-2007.pdf; Doctors Direct Rating Manual - final revised 04-01-2007.pdf

Dear Ms. Neuman,

Attached please find the amended rate filing for Doctors Direct Insurance, Inc., DD R 22007.

There is a redline copy with the correction for the March 22, 2007 comments on the language change for the quarterly installment plan.

We have removed the language "at its discretion" and have made it clear that Doctors Direct Insurance, Inc. will offer only the quarter payment plan to all insureds for each policy period.

We hope that this is satisfactory for the Division of Insurance, and that the rate filing will be filed.

Jeff Strand, President

Doctors Direct Insurance Inc  
1100 Jorie Blvd  
Suite 355  
Oak Brook, IL 60523

Office 630-574-9800  
Mobile 312-401-2020  
Fax 630-574-9201

[www.DoctorsDirectInsurance.com](http://www.DoctorsDirectInsurance.com)

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Wednesday, April 18, 2007 11:06 AM  
**To:** Jeff Strand  
**Subject:** Rate/Rule Filing #DD R 22007

Mr. Strand,

We are in receipt of your letter dated April 4, 2007.

None of the issues in my March 22, 2007 e-mail were addressed. They were in regard to payment plans.

Additionally, the redlined version that was provided was only reflecting on one of many changes made to the filing, therefore we do not see its significance. Rule 929.30 [50 Ill. Adm. Code 929.30] requires identification of all changes from superseding filings, and any changes not identified will not be deemed filed. Any changes made which are not disclosed will not be deemed filed.

Your prompt attention is appreciated.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation

4/19/2007

(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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[Gayle.Neuman@illinois.gov](mailto:Gayle.Neuman@illinois.gov)

4/19/2007

# **NEW DOCUMENT**

# **DOCTORS DIRECT INSURANCE, INC.**

PHYSICIANS AND SURGEONS  
PROFESSIONAL LIABILITY INSURANCE

RATING MANUAL



**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

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**SECTION ONE – GENERAL RULES**

**I. APPLICATION OF MANUAL**

This manual provides rules, rates, premiums, classifications and territories that will be used by Doctors Direct Insurance, Inc. ("the Company") in providing Professional Liability to Physicians and Surgeons.

**II. COVERAGE FORM**

All policies will be written on a claims made basis.

**III. POLICY TERM**

Policies will be written for a term of one year, and renewed annually thereafter. The policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year for a short term policy period.

**IV. PREMIUM COMPUTATION**

- A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.
- B. When a policy is issued for other than an annual term, the premiums will be computed on a pro-rata basis.

**V. FACTORS OR MULTIPLIERS**

- A. Unless otherwise indicated, factors or multipliers are to be applied consecutively and not added together.
- B. Rate Modifications listed as % credits are applied multiplicatively as follows: rate x (1 – credit %) or rate x (1 + debit %).

**VI. POLICY WRITING MINIMUM PREMIUM**

The minimum annual premium shall be \$250 unless otherwise specified.

**VII. WHOLE DOLLAR RULE**

The final premium for each physician or surgeon for will be rounded to the nearest whole dollar as follows:

- A. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.
- B. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

**VIII. ADDITIONAL PREMIUM CHARGES**

- A. All changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.
- B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations. After computing the additional premium, charge the amount applicable from the effective date of the change.
- C. Additional premiums of \$25 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

**IX. RETURN PREMIUMS**

**Deleted:** 03/23/2007

Effective 04/01/2007

Doctors Direct Insurance, Inc.

DDI-PPL-CW-1

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

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- A. Return premiums are computed using rates and rules in effect at policy inception.
- B. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any exposure is deleted, or an amount of insurance is reduced.
- C. Retain the Policy Writing Minimum Premium.
- D. Return premiums of \$25 or less may be waived. However, the premium will be returned if requested in writing by the insured.

**X. POLICY CANCELLATIONS**

- A. Return premiums for cancellations initiated by the Company will be computed on a pro-rata basis, rounded to the next higher whole dollar.
- B. Return premiums for cancellations initiated by the Insured will be computed on a 90% of pro rata basis, rounded to the next higher whole dollar.

**XI. PREMIUM PAYMENT PLAN**

The Company will offer the insured a premium payment plan for every policy period.

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**Quarterly Installment Option**

- a. An initial down payment of no more than 40% of the estimated total premium due at policy inception;
- b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- c. No interest charges;
- d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- e. Additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**SECTION TWO – RATING RULES**

**I. SPECIALTY CLASSIFICATIONS**

- A. Each physician is assigned a classification code according to their specialty. The specialty classifications and their associated rating factors are shown on the State Rate Page.
- B. For the purpose of determining each physician's specialty designation:
  - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
  - 2. The terms "minor surgery" and "major surgery" may apply to general practitioners and specialists.
- C. The Company will assign specialty class based on the practice profile and procedures noted in the physician's application.. The company may blend the rates of two or more specialty classifications based on the practice profile and procedures noted in the physician's application.
- D. If a physician's specialty is not listed on the State Rate Page, assign the physician to the classification that applies to the most similar specialty listed.

**II. TERRITORIES**

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Effective 04/01/2007

Doctors Direct Insurance, Inc.

DDI-PPL-CW-2

**RATING MANUAL  
FOR**

**PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

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- A. Territory assignments are based on each individual insured's practice as insured by the Company. Portions of the practice that are not insured by the Company are not considered.
- B. If an insured practices in two or more territories, the company may blend the rates of the applicable territories.
- C. The territory definitions and associated rating factors are shown on the State Rate Page.

**III. LIMITS OF LIABILITY**

- A. Basic Limits of Liability for Professional Liability Claims Made coverage under this program shall be \$1,000,000 Per Claim/\$3,000,000 Annual Aggregate.
- B. Alternate limits of liability are available. The limit options and associated rating factors are shown in the table below:

Limit of Liability		Limit Factor
Per Claim	Annual Aggregate	
\$250,000	\$750,000	0.640
\$500,000	\$1,500,000	0.780
\$1,000,000	\$1,000,000	0.970
\$1,000,000	\$3,000,000	1.000

- C. For limits greater than \$1,000,000 Per Claim / \$3,000,000 Annual Aggregate, refer to company.

**IV. PRIOR ACTS COVERAGE**

- A. The claims made coverage retroactive date is the initial effective date of continuous coverage by the Company, unless the Company and the insured agree that the retroactive date should precede the initial policy effective date.
- B. Once established, the retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgment.
- C. When prior acts coverage is requested, the claims made year applicable is determined based on the retroactive date and the policy effective date as follows:
  - 1. Determine the number of years between the retroactive date and the policy effective date. This figure is the number of years of prior exposure. Any fractional year difference between the retroactive date and the effective date is calculated on a daily pro-rata basis.
  - 2. The claims-made year is the years of prior exposure plus 1.
  - 3. For fractional claims-made years, the applicable claims-made step factor is calculated using straight line interpolation between factors for surrounding claims-made years.
- D. The following claims-made step factors are applied to the premium.

Claims-Made Year	Step Factor
1	0.300
2	0.550
3	0.775
4	0.925
5+	1.000

**V. BASE RATE**

The base rate is shown in the State Rate Page.

**VI. RATE MODIFICATIONS**

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Effective 04/01/2007

Doctors Direct Insurance, Inc.

DDI-PPL-CW-3

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

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**A. Part Time Physicians**

1. Any insured who the company determines is working as a part time practitioner will be eligible for a reduction in the otherwise applicable rate for that specialty. The credit for a part time practitioner is 50%.
2. The part time credit is not applied to the Extended Reporting Period Coverage rating unless the insured was rated part time for more than 24 months prior to the effective date of an Extended Reporting Period Endorsement.
3. No other credits are to apply concurrent with this rule except risk management and membership association credits.

**B. New Physician**

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
  - a. Residency;
  - b. Fellowship program in their medical specialty;
  - c. Fulfillment of a military obligation in remuneration for medical school tuition;
  - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown in the table below:

Year of Practice	Credit
1 <sup>st</sup>	50%
2 <sup>nd</sup>	30%
3 <sup>rd</sup>	15%
4 <sup>th</sup>	0%

**C. Physician's Leave of Absence**

1. A physician who becomes disabled, or is on leave of absence for a continuous period of 45 to 180 days, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and rate reduction.
5. A premium credit of 75% will apply during the period of disability or leave of absence.

**D. Physicians Military Leave of Absence**

1. A physician, who is on military leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at no premium charge during the leave of absence period. This will apply retroactively to the first day of the leave of absence. Only one application of this credit may be applied to an annual policy period.

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**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

2. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and premium waiver.

**E. Schedule Rating**

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a policy may be modified in accordance with a maximum credit or debit modification indicated on the State Rate Page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the following specific considerations.

Characteristics	Max Credit	Max Debit
Cumulative Years of Patient Experience	15%	15%
Classification Anomalies	15%	15%
Claim Anomalies	15%	15%
Control Procedures	15%	15%
Number / Type of Patient Exposures.	15%	15%
Organizational Size / Structure	15%	15%
Medical Standards, Quality & Claim Review	15%	15%
Other Risk Management Practices and Procedures	15%	15%
Training, Accreditation & Credentialing	15%	15%
Record – Keeping Practices	15%	15%
Utilization of Monitoring Equipment, Diagnostic Tests or Procedures	15%	15%

**F. Membership Credit**

1. A 5% premium credit may be given to those insureds who are members of a qualified association.
2. Qualified associations are subject to Company approval.

**G. Claim Free Credits**

1. If no claim has been attributed to an insured, the insured will be eligible for a premium credit according to the following table.

Years Claim Free at Renewal	Credit
less than 3	0%
3 to 4	5%
5 to 7	10%
8 to 9	15%
10 or more	20%

2. A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.
3. Insureds converting coverage to the Company, who were claim free while insured by another carrier, shall qualify for credit at the policy inception date in accordance with the Company guidelines.
4. Years the insured was working part time will not be considered in the determination of years claim free.

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**RATING MANUAL  
FOR**

**PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**H. Large Group Rating**

1. A Group comprised of 10 members or more may be collectively rated.
2. Group is defined as any collective decision making group / body of insureds who may be owners of, employed by or under contract with a specific and distinct corporation, partnership or association.
3. The premium for a Group will be determined by multiplying the group's manual premium by any credits or debits assigned to the Group under the Schedule Rating Plan, Deductible Credit Rule, or Self Insured Retention Credit Rule. The group's manual premium will equal the sum of the individual manual premium for each scheduled insured covered under the policy. The individual manual premium will equal the filed rate for the scheduled insured minus any applicable Part Time, Risk Management, or Leave of Absence credits. However, once the premium for the Group has been established, the Company may allocate that premium among the scheduled insureds based upon applicable underwriting criteria.

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<#>Credits shall be available, subject  
to underwriting guidelines.¶  
<#>The deductibles shall apply to the  
indemnity portion of each loss unless  
otherwise modified by statute.¶  
<#>Deductibles can only be revised  
at policy renewal.¶  
<#>The following deductible credits  
shall apply to the primary limits  
premium, net of other applicable  
credits.¶  
Per Claim¶  
Deductible

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**I. Aggregate Credit Rule**

1. The application of all approved credits contained in this rating manual shall not exceed 50% for any one insured.
2. This rule does not apply to Part Time Practice, Leave of Absence or Deductible Credits.

**VII. OPTIONAL COVERAGES**

**A. Locum Tenens Physician**

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.
2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Coverage shall extend for a maximum of 30 days during any one policy period beginning with the first assignment, regardless of the number of substitutes.

**B. Corporation/Partnership/Professional Association Charge**

1. If coverage is provided on a separate limit of liability basis, the premium is computed, per Corporation/Partnership/Professional Association, as one mature exposure unit of a non-surgical specialty classification that represents the prevailing specialty of the group practice plus the lesser of either 10% or the average of the developed physicians' premiums.
2. If a solo-practitioner desires coverage for the corporation/partnership/professional association, coverage can be provided for no additional premium charge, in which case the practitioner and the corporation/partnership/association share in the limit of liability.

**C. Extended Reporting Period Endorsement**

1. A named insured who is a person, and any additional named insured(s), may purchase an extension of coverage of at least twelve (12) months called an extended reporting period endorsement, if the named insured and additional named insured(s) have complied with all terms and conditions of this policy, and:
  - a. this policy is cancelled or non-renewed for any reason; or
  - b. during the policy period any additional named insured(s) ceases to have a practice relationship with the named insured listed in item 1. of the Declarations Page.

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Effective 04/01/2007

Doctors Direct Insurance, Inc.

DDI-PPL-CW-6

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

The named insured or additional named insured(s) must purchase an extended reporting period endorsement by requesting the extended reporting period endorsement in writing and paying the premium within thirty (30) days after the termination of coverage.

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2. The premium for an extended reporting period endorsement will be calculated as follows:

- a. 100% of the actual premium in effect at policy issuance for a 12-month extended reporting period;
- b. 160% of the actual premium in effect at policy issuance for a 24-month extended reporting period; or
- c. 190% of the actual premium in effect at policy issuance for a 36-month extended reporting period.
- d. 210% of the actual premium in effect at policy issuance for an unlimited extended reporting period.

The premium for the extended reporting period endorsement is fully earned; and

Full and timely payment of the premium are conditions precedent to the Company's obligation to provide an extended reporting period endorsement.

3. The Extended Reporting Period Endorsement:

- a. does not extend the policy period;
- b. does not extend the scope of coverage provided under this policy and applies only to otherwise covered claims or incident(s) which result from rendering or failure to render professional services on or after the retroactive date and before the end of the policy period, of which written notice is received by the Company during the extended reporting period.
- c. cannot be canceled.

5. Limits of Liability

The extended reporting period has no separate limit of liability, and does not increase the limits of liability.

6. An extended reporting period endorsement will be provided and the premium charge will be waived by the Company if, during the policy period:

- a. any named insured or additional named insured(s) dies;
- b. named insured or additional named insured(s) completely and permanently retires from the clinical practice of medicine, as determined by the Company, and has been continuously insured with the Company, under a claims made policy for the last five (5) years before retirement and is at least 55 years of age.
- c. any named insured or additional named insured(s) becomes disabled.

The insured or his or her representative must notify the Company of any such death, disability or retirement within thirty (30) days of such event, and provide certification of death, disability or retirement, and such other proof as the Company may request.

If any named insured or additional named insured(s) returns to active clinical practice of medicine, as determined by the Company, after receiving an extended reporting period endorsement for which the Company waived the premium due to disability or retirement, the Company reserves the right, in its sole discretion, to rescind the premium waiver and to collect any premium due.

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Effective 04/01/2007

Doctors Direct Insurance, Inc.

DDI-PPL-CW-7

**ILLINOIS STATE RATE PAGE  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**I. PHYSICIAN CLASSIFICATION PLAN**

**A. Specialty Class Assignments**

Class	Specialty
1	Allergy, Public Health, Administrative Medicine, Aerospace Medicine, Physical Medicine/Rehabilitation
2	Dermatology - No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Occupational Medicine, Ophthalmology - No Surgery, Otorhinolaryngology - No Surgery
3	Geriatrics - No Surgery, Pathology, Psychiatry (Excl. Shock Therapy), Rheumatology
4	Dermatology - Minor Surgery, Family/General Practice - No Surgery, Endocrinology - No Surgery, Hematology/Oncology - No Surgery, Industrial Medicine, Ophthalmology - Minor Surgery, Psychiatry (Incl. Shock Therapy), Pediatrics - No Surgery, Nuclear Medicine
5	Dermatology – Surgery, Diabetes, Urology - No Surgery, Otorhinolaryngology – No Surgery
6	Cardiovascular - No Surgery, Hematology/Oncology - Minor Surgery, Infectious Disease - No Surgery, Gynecology - No Surgery, Hospitalist, Nephrology - No Surgery, Ophthalmology – Surgery, Plastic Surgery – No Surgery, General Surgery – No Surgery
7	Anesthesiology, Pain Management, , Diagnostic Radiology - No Surgery, Internal Medicine - No Surgery
8	Geriatrics - Minor Surgery, Gastroenterology, Infectious Disease - Minor Surgery, Endocrinology - Minor Surgery, Nephrology - Minor Surgery, , Otorhinolaryngology - Minor Surgery, Pulmonary Diseases, Radiation Oncology, Radiation Therapy, Urology - Minor Surgery, Orthopedic Surgery – No Surgery, Cardiac Surgery – No Surgery, Vascular Surgery – No Surgery, Thoracic Surgery – No Surgery
9	Family/General Practice - Minor Surgery, Internal Medicine - Minor Surgery, Urgent Care, Neurology - No Surgery, Podiatry Surgery, Diagnostic Radiology - Minor Surgery, Pediatrics - Minor Surgery
10	Urology – Surgery, Neurosurgery - No Surgery
11	Cardiovascular - Minor Surgery (Left Heart Catheterization), Cardiovascular - Minor Surgery (Right Heart Catheterization), Gynecology - Minor Surgery, Intensive Care Medicine, Neurology - Minor Surgery, Otorhinolaryngology - Surgery (Excl. Plastic), Diagnostic Radiology- Surgery
12	Colon & Rectal Surgery, Family/General Practice - Major Surgery, Gynecological Surgery
13	Head & Neck Surgery, Emergency Medicine - Minor Surgery
14	Emergency Medicine - Major Surgery
15	General Surgery, Hand Surgery, Abdominal Surgery, Pediatric Surgery
16	Orthopedic Surgery - Excl. Spine, Plastic Surgery, Otorhinolaryngology - Surgery (Incl. Plastic)
17	Neonatology
18	Cardiac Surgery, Vascular Surgery, Traumatic Surgery, Thoracic Surgery
19	Obstetrics - Surgery, OB/GYN - Surgery, Orthopedic Surgery - Incl. Spine
20	Neurosurgery



**ILLINOIS STATE RATE PAGE  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**B. Class Factors**

Class	Factor	Class	Factor
1	0.550	11	1.850
2	0.667	12	2.150
3	0.800	13	2.400
4	1.000	14	2.700
5	1.050	15	3.000
6	1.167	16	3.300
7	1.250	17	3.600
8	1.400	18	4.000
9	1.550	19	4.400
10	1.650	20	6.500

**II. TERRITORY FACTORS**

Territory	Factor	Counties
1	1.000	Cook, Jackson, Madison, St. Clair, Will
2	0.900	Lake, Vermilion
3	0.850	Kane, McHenry, Winnebago
4	0.750	DuPage, Kankakee, Macon
5	0.700	Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph
6	0.600	Grundy, Sangamon
7	0.475	Peoria
8	0.525	Remainder of State

**III. BASE RATE**

The mature claims-made rate for the base territory (i.e. territory 1), base classification (i.e. class 4) and the basic limit of liability (i.e. \$1,000,000/\$3,000,000) is \$30,000.

**IV. SCHEDULE RATING MAXIMUM**

The schedule rating maximum debit/credit is +/-50% with the exception of credits applied for Leave of Absence, Military Leave of Absence, or Restricted Practice.

## Deductibles

Credits shall be available, subject to underwriting guidelines.

The deductibles shall apply to the indemnity portion of each loss unless otherwise modified by statute.

Deductibles can only be revised at policy renewal.

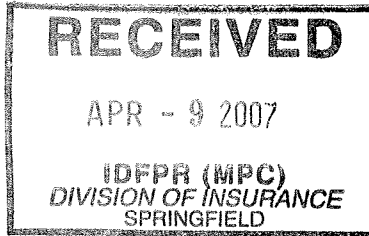
The following deductible credits shall apply to the primary limits premium, net of other applicable credits.

Per Claim Deductible	Premium Credit
\$5,000	1.5%
\$10,000	3.0%
\$15,000	5.0%
\$20,000	6.5%
\$25,000	7.5%
\$30,000	9.0%
\$50,000	12.0%
\$75,000	15.0%
\$100,000	20.0%
\$200,000	30.0%
\$250,000	35.0%
\$300,000	40.0%
\$500,000	45.0%

# **NEW DOCUMENT**

April 4, 2007

Gayle Neuman, Insurance Analyst  
Illinois Division of Insurance  
320 West Washington Street  
Springfield, IL 62767-0001



Re: Doctors Direct Insurance, Inc. FEIN 06-179160  
Rate Filing # DD R 22007  
Amended Filing for Claims Made Medical Professional Liability (Medical  
Malpractice) Insurance for Physicians and Surgeons  
Effective Date of Use – March 1, 2007

Dear Ms. Neuman:

Attached please find the amended rate manual for Doctors Direct Insurance, Inc. The amended version removes that rating rules for deductibles as the option for deductibles has been withdrawn from our form filing. DD F 22007. Included is a redlined version and two (2) filing copies.

Doctors Direct Insurance, Inc. in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate.

I request that you return one copy of the rate manual be stamped "filed" by Division of Insurance and be returned to Doctors Direct Insurance in the self addressed stamped envelope provided.

Thank you in advance for your assistance and please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey B. Strand".

Jeffrey B. Strand, President

**DOCTORS DIRECT INSURANCE, INC.**

PHYSICIANS AND SURGEONS  
PROFESSIONAL LIABILITY INSURANCE

RATING MANUAL

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**SECTION ONE – GENERAL RULES**

**I. APPLICATION OF MANUAL**

This manual provides rules, rates, premiums, classifications and territories that will be used by Doctors Direct Insurance, Inc. ("the Company") in providing Professional Liability to Physicians and Surgeons.

**II. COVERAGE FORM**

All policies will be written on a claims made basis.

**III. POLICY TERM**

Policies will be written for a term of one year, and renewed annually thereafter. The policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year for a short term policy period.

**IV. PREMIUM COMPUTATION**

A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.

B. When a policy is issued for other than an annual term, the premiums will be computed on a pro-rata basis.

**V. FACTORS OR MULTIPLIERS**

A. Unless otherwise indicated, factors or multipliers are to be applied consecutively and not added together.

B. Rate Modifications listed as % credits are applied multiplicatively as follows:  $\text{rate} \times (1 - \text{credit } \%)$  or  $\text{rate} \times (1 + \text{debit } \%)$ .

**VI. POLICY WRITING MINIMUM PREMIUM**

The minimum annual premium shall be \$250 unless otherwise specified.

**VII. WHOLE DOLLAR RULE**

The final premium for each physician or surgeon for will be rounded to the nearest whole dollar as follows:

A. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.

B. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

**VIII. ADDITIONAL PREMIUM CHARGES**

A. All changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.

B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations. After computing the additional premium, charge the amount applicable from the effective date of the change.

C. Additional premiums of \$25 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**IX. RETURN PREMIUMS**

- A. Return premiums are computed using rates and rules in effect at policy inception.
- B. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any exposure is deleted, or an amount of insurance is reduced.
- C. Retain the Policy Writing Minimum Premium.
- D. Return premiums of \$25 or less may be waived. However, the premium will be returned if requested in writing by the insured.

**X. POLICY CANCELLATIONS**

- A. Return premiums for cancellations initiated by the Company will be computed on a pro-rata basis, rounded to the next higher whole dollar.
- B. Return premiums for cancellations initiated by the Insured will be computed on a 90% of pro rata basis, rounded to the next higher whole dollar.

**XI. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer the insured various premium payment options.

**Quarterly Installment Option**

- a. An initial down payment of no more than 40% of the estimated total premium due at policy inception;
- b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- c. No interest charges;
- d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- e. Additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**SECTION TWO – RATING RULES**

**I. SPECIALTY CLASSIFICATIONS**

- A. Each physician is assigned a classification code according to their specialty. The specialty classifications and their associated rating factors are shown on the State Rate Page.
- B. For the purpose of determining each physician's specialty designation:
  - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
  - 2. The terms "minor surgery" and "major surgery" may apply to general practitioners and specialists.
- C. The Company will assign specialty class based on the practice profile and procedures noted in the physician's application. The company may blend the rates of two or more specialty classifications based on the practice profile and procedures noted in the physician's application.
- D. If a physician's specialty is not listed on the State Rate Page, assign the physician to the classification that applies to the most similar specialty listed.

**RATING MANUAL  
FOR  
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**II. TERRITORIES**

- A. Territory assignments are based on each individual insured's practice as insured by the Company. Portions of the practice that are not insured by the Company are not considered.
- B. If an insured practices in two or more territories, the company may blend the rates of the applicable territories.
- C. The territory definitions and associated rating factors are shown on the State Rate Page.

**III. LIMITS OF LIABILITY**

- A. Basic Limits of Liability for Professional Liability Claims Made coverage under this program shall be \$1,000,000 Per Claim/\$3,000,000 Annual Aggregate.
- B. Alternate limits of liability are available. The limit options and associated rating factors are shown in the table below:

Limit of Liability		Limit Factor
Per Claim	Annual Aggregate	
\$250,000	\$750,000	0.640
\$500,000	\$1,500,000	0.780
\$1,000,000	\$1,000,000	0.970
\$1,000,000	\$3,000,000	1.000

- C. For limits greater than \$1,000,000 Per Claim / \$3,000,000 Annual Aggregate, refer to company.

**IV. PRIOR ACTS COVERAGE**

- A. The claims made coverage retroactive date is the initial effective date of continuous coverage by the Company, unless the Company and the insured agree that the retroactive date should precede the initial policy effective date.
- B. Once established, the retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgment.
- C. When prior acts coverage is requested, the claims made year applicable is determined based on the retroactive date and the policy effective date as follows:
  - 1. Determine the number of years between the retroactive date and the policy effective date. This figure is the number of years of prior exposure. Any fractional year difference between the retroactive date and the effective date is calculated on a daily pro-rata basis.
  - 2. The claims-made year is the years of prior exposure plus 1.
  - 3. For fractional claims-made years, the applicable claims-made step factor is calculated using straight line interpolation between factors for surrounding claims-made years.
- D. The following claims-made step factors are applied to the premium.

Claims-Made Year	Step Factor
1	0.300
2	0.550
3	0.775
4	0.925
5+	1.000

**V. BASE RATE**

The base rate is shown in the State Rate Page.



**..RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**VI. RATE MODIFICATIONS**

**A. Part Time Physicians**

1. Any insured who the company determines is working as a part time practitioner will be eligible for a reduction in the otherwise applicable rate for that specialty. The credit for a part time practitioner is 50%.
2. The part time credit is not applied to the Extended Reporting Period Coverage rating unless the insured was rated part time for more than 24 months prior to the effective date of an Extended Reporting Period Endorsement.
3. No other credits are to apply concurrent with this rule except risk management and membership association credits.

**B. New Physician**

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
  - a. Residency;
  - b. Fellowship program in their medical specialty;
  - c. Fulfillment of a military obligation in remuneration for medical school tuition;
  - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown in the table below:

Year of Practice	Credit
1 <sup>st</sup>	50%
2 <sup>nd</sup>	30%
3 <sup>rd</sup>	15%
4 <sup>th</sup>	0%

**C. Physician's Leave of Absence**

1. A physician who becomes disabled, or is on leave of absence for a continuous period of 45 to 180 days, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and rate reduction.
5. A premium credit of 75% will apply during the period of disability or leave of absence.

**D. Physicians Military Leave of Absence**

1. A physician, who is on military leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at no premium charge during the leave of absence period. This will apply retroactively to the first day of the leave of absence. Only one application of this credit may be applied to an annual policy period.

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2. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and premium waiver.

**E. Schedule Rating**

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a policy may be modified in accordance with a maximum credit or debit modification indicated on the State Rate Page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the following specific considerations.

Characteristics	Max Credit	Max Debit
Cumulative Years of Patient Experience	15%	15%
Classification Anomalies	15%	15%
Claim Anomalies	15%	15%
Control Procedures	15%	15%
Number / Type of Patient Exposures.	15%	15%
Organizational Size / Structure	15%	15%
Medical Standards, Quality & Claim Review	15%	15%
Other Risk Management Practices and Procedures	15%	15%
Training, Accreditation & Credentialing	15%	15%
Record – Keeping Practices	15%	15%
Utilization of Monitoring Equipment, Diagnostic Tests or Procedures	15%	15%

**F. Membership Credit**

1. A 5% premium credit may be given to those insureds who are members of a qualified association.
2. Qualified associations are subject to Company approval.

**G. Claim Free Credits**

1. If no claim has been attributed to an insured, the insured will be eligible for a premium credit according to the following table.

Years Claim Free at Renewal	Credit
less than 3	0%
3 to 4	5%
5 to 7	10%
8 to 9	15%
10 or more	20%

2. A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.
3. Insureds converting coverage to the Company, who were claim free while insured by another carrier, shall qualify for credit at the policy inception date in accordance with the Company guidelines.
4. Years the insured was working part time will not be considered in the determination of years claim free.

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**IV. Large Group Rating**

1. A Group comprised of 10 members or more may be collectively rated.
2. Group is defined as any collective decision making group / body of insureds who may be owners of, employed by or under contract with a specific and distinct corporation, partnership or association.
3. The premium for a Group will be determined by multiplying the group's manual premium by any credits or debits assigned to the Group under the Schedule Rating Plan, Deductible Credit Rule, or Self Insured Retention Credit Rule. The group's manual premium will equal the sum of the individual manual premium for each scheduled insured covered under the policy. The individual manual premium will equal the filed rate for the scheduled insured minus any applicable Part Time, Risk Management, or Leave of Absence credits. However, once the premium for the Group has been established, the Company may allocate that premium among the scheduled insureds based upon applicable underwriting criteria.

**Deleted:** <#>Deductibles¶  
<#>Credits shall be available, subject to underwriting guidelines.¶  
<#>The deductibles shall apply to the indemnity portion of each loss unless otherwise modified by statute.¶  
<#>Deductibles can only be revised at policy renewal.¶  
<#>The following deductible credits shall apply to the primary limits premium, net of other applicable credits.¶  
Per Claim¶  
Deductible ... [1]

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**I. Aggregate Credit Rule**

1. The application of all approved credits contained in this rating manual shall not exceed 50% for any one insured.
2. This rule does not apply to Part Time Practice, Leave of Absence or Deductible Credits.

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**VII. OPTIONAL COVERAGES**

**A. Locum Tenens Physician**

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.
2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Coverage shall extend for a maximum of 30 days during any one policy period beginning with the first assignment, regardless of the number of substitutes.

**B. Corporation/Partnership/Professional Association Charge**

1. If coverage is provided on a separate limit of liability basis, the premium is computed, per Corporation/Partnership/Professional Association, as one mature exposure unit of a non-surgical specialty classification that represents the prevailing specialty of the group practice plus the lesser of either 10% or the average of the developed physicians' premiums.
2. If a solo-practitioner desires coverage for the corporation/partnership/professional association, coverage can be provided for no additional premium charge, in which case the practitioner and the corporation/partnership/association share in the limit of liability.

**C. Extended Reporting Period Endorsement**

1. A named insured who is a person, and any additional named insured(s), may purchase an extension of coverage of at least twelve (12) months called an extended reporting period endorsement, if the named insured and additional named insured(s) have complied with all terms and conditions of this policy, and:
  - a. this policy is cancelled or non-renewed for any reason; or
  - b. during the policy period any additional named insured(s) ceases to have a practice relationship with the named insured listed in item 1. of the Declarations Page.

**RATING MANUAL  
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The named insured or additional named insured(s) must purchase an extended reporting period endorsement by requesting the extended reporting period endorsement in writing and paying the premium within thirty (30) days after the termination of coverage.

2. The premium for an extended reporting period endorsement will be calculated as follows:

- a. 100% of the actual premium in effect at policy issuance for a 12-month extended reporting period;
- b. 160% of the actual premium in effect at policy issuance for a 24-month extended reporting period; or
- c. 190% of the actual premium in effect at policy issuance for a 36-month extended reporting period.
- d. 210% of the actual premium in effect at policy issuance for an unlimited extended reporting period.

The premium for the extended reporting period endorsement is fully earned; and

Full and timely payment of the premium are conditions precedent to the Company's obligation to provide an extended reporting period endorsement.

3. The Extended Reporting Period Endorsement:

- a. does not extend the policy period;
- b. does not extend the scope of coverage provided under this policy and applies only to otherwise covered claims or incident(s) which result from rendering or failure to render professional services on or after the retroactive date and before the end of the policy period, of which written notice is received by the Company during the extended reporting period.
- c. cannot be canceled.

5. Limits of Liability

The extended reporting period has no separate limit of liability, and does not increase the limits of liability.

6. An extended reporting period endorsement will be provided and the premium charge will be waived by the Company if, during the policy period:

- a. any named insured or additional named insured(s) dies;
- b. named insured or additional named insured(s) completely and permanently retires from the clinical practice of medicine, as determined by the Company, and has been continuously insured with the Company, under a claims made policy for the last five (5) years before retirement and is at least 55 years of age.
- c. any named insured or additional named insured(s) becomes disabled.

The insured or his or her representative must notify the Company of any such death, disability or retirement within thirty (30) days of such event, and provide certification of death, disability or retirement, and such other proof as the Company may request.

If any named insured or additional named insured(s) returns to active clinical practice of medicine, as determined by the Company, after receiving an extended reporting period endorsement for which the Company waived the premium due to disability or retirement, the Company reserves the right, in its sole discretion, to rescind the premium waiver and to

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PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

collect any premium due.

**IL     JIS STATE RATE PAGE**  
**FOR**  
**PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**I.    PHYSICIAN CLASSIFICATION PLAN**

**A.    Specialty Class Assignments**

Class	Specialty
1	Allergy, Public Health, Administrative Medicine, Aerospace Medicine, Physical Medicine/Rehabilitation
2	Dermatology - No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Occupational Medicine, Ophthalmology - No Surgery, Otorhinolaryngology - No Surgery
3	Geriatrics - No Surgery, Pathology, Psychiatry (Excl. Shock Therapy), Rheumatology
4	Dermatology - Minor Surgery, Family/General Practice - No Surgery, Endocrinology - No Surgery, Hematology/Oncology - No Surgery, Industrial Medicine, Ophthalmology - Minor Surgery, Psychiatry (Incl. Shock Therapy), Pediatrics - No Surgery, Nuclear Medicine
5	Dermatology – Surgery, Diabetes, Urology - No Surgery, Otorhinolaryngology – No Surgery
6	Cardiovascular - No Surgery, Hematology/Oncology - Minor Surgery, Infectious Disease - No Surgery, Gynecology - No Surgery, Hospitalist, Nephrology - No Surgery, Ophthalmology – Surgery, Plastic Surgery – No Surgery, General Surgery – No Surgery
7	Anesthesiology, Pain Management, , Diagnostic Radiology - No Surgery, Internal Medicine - No Surgery
8	Geriatrics - Minor Surgery, Gastroenterology, Infectious Disease - Minor Surgery, Endocrinology - Minor Surgery, Nephrology - Minor Surgery, , Otorhinolaryngology - Minor Surgery, Pulmonary Diseases, Radiation Oncology, Radiation Therapy, Urology - Minor Surgery, Orthopedic Surgery – No Surgery, Cardiac Surgery – No Surgery, Vascular Surgery – No Surgery, Thoracic Surgery – No Surgery
9	Family/General Practice - Minor Surgery, Internal Medicine - Minor Surgery, Urgent Care, Neurology - No Surgery, Podiatry Surgery, Diagnostic Radiology - Minor Surgery, Pediatrics - Minor Surgery
10	Urology – Surgery, Neurosurgery - No Surgery
11	Cardiovascular - Minor Surgery (Left Heart Catheterization), Cardiovascular - Minor Surgery (Right Heart Catheterization), Gynecology - Minor Surgery, Intensive Care Medicine, Neurology - Minor Surgery, Otorhinolaryngology - Surgery (Excl. Plastic), Diagnostic Radiology- Surgery
12	Colon & Rectal Surgery, Family/General Practice - Major Surgery, Gynecological Surgery
13	Head & Neck Surgery, Emergency Medicine - Minor Surgery
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17	Neonatology
18	Cardiac Surgery, Vascular Surgery, Traumatic Surgery, Thoracic Surgery
19	Obstetrics - Surgery, OB/GYN - Surgery, Orthopedic Surgery - Incl. Spine
20	Neurosurgery

**IL. JIS STATE RATE PAGE  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**B. Class Factors**

Class	Factor	Class	Factor
1	0.550	11	1.850
2	0.667	12	2.150
3	0.800	13	2.400
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6	1.167	16	3.300
7	1.250	17	3.600
8	1.400	18	4.000
9	1.550	19	4.400
10	1.650	20	6.500

**II. TERRITORY FACTORS**

Territory	Factor	Counties
1	1.000	Cook, Jackson, Madison, St. Clair, Will
2	0.900	Lake, Vermilion
3	0.850	Kane, McHenry, Winnebago
4	0.750	DuPage, Kankakee, Macon
5	0.700	Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph
6	0.600	Grundy, Sangamon
7	0.475	Peoria
8	0.525	Remainder of State

**III. BASE RATE**

The mature claims-made rate for the base territory (i.e. territory 1), base classification (i.e. class 4) and the basic limit of liability (i.e. \$1,000,000/\$3,000,000) is \$30,000.

**IV. SCHEDULE RATING MAXIMUM**

The schedule rating maximum debit/credit is +/-50% with the exception of credits applied for Leave of Absence, Military Leave of Absence, or Restricted Practice.

# **DOCTORS DIRECT INSURANCE, INC.**

**PHYSICIANS AND SURGEONS  
PROFESSIONAL LIABILITY INSURANCE**

**RATING MANUAL**



**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**SECTION ONE – GENERAL RULES**

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All policies will be written on a claims made basis.

**III. POLICY TERM**

Policies will be written for a term of one year, and renewed annually thereafter. The policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year for a short term policy period.

**IV. PREMIUM COMPUTATION**

- A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.
- B. When a policy is issued for other than an annual term, the premiums will be computed on a pro-rata basis.

**V. FACTORS OR MULTIPLIERS**

- A. Unless otherwise indicated, factors or multipliers are to be applied consecutively and not added together.
- B. Rate Modifications listed as % credits are applied multiplicatively as follows: rate x (1 – credit %) or rate x (1 + debit %).

**VI. POLICY WRITING MINIMUM PREMIUM**

The minimum annual premium shall be \$250 unless otherwise specified.

**VII. WHOLE DOLLAR RULE**

The final premium for each physician or surgeon for will be rounded to the nearest whole dollar as follows:

- A. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.
- B. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

**VIII. ADDITIONAL PREMIUM CHARGES**

- A. All changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.
- B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations. After computing the additional premium, charge the amount applicable from the effective date of the change.
- C. Additional premiums of \$25 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

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- C. Retain the Policy Writing Minimum Premium.
- D. Return premiums of \$25 or less may be waived. However, the premium will be returned if requested in writing by the insured.

**X. POLICY CANCELLATIONS**

- A. Return premiums for cancellations initiated by the Company will be computed on a pro-rata basis, rounded to the next higher whole dollar.
- B. Return premiums for cancellations initiated by the Insured will be computed on a 90% of pro rata basis, rounded to the next higher whole dollar.

**XI. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer the insured various premium payment options.

Quarterly Installment Option

- a. An initial down payment of no more than 40% of the estimated total premium due at policy inception;
- b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- c. No interest charges;
- d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- e. Additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**SECTION TWO – RATING RULES**

**I. SPECIALTY CLASSIFICATIONS**

- A. Each physician is assigned a classification code according to their specialty. The specialty classifications and their associated rating factors are shown on the State Rate Page.
- B. For the purpose of determining each physician's specialty designation:
  - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
  - 2. The terms "minor surgery" and "major surgery" may apply to general practitioners and specialists.
- C. The Company will assign specialty class based on the practice profile and procedures noted in the physician's application.. The company may blend the rates of two or more specialty classifications based on the practice profile and procedures noted in the physician's application.
- D. If a physician's specialty is not listed on the State Rate Page, assign the physician to the classification that applies to the most similar specialty listed.

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**II. TERRITORIES**

- A. Territory assignments are based on each individual insured's practice as insured by the Company. Portions of the practice that are not insured by the Company are not considered.
- B. If an insured practices in two or more territories, the company may blend the rates of the applicable territories.
- C. The territory definitions and associated rating factors are shown on the State Rate Page.

**III. LIMITS OF LIABILITY**

- A. Basic Limits of Liability for Professional Liability Claims Made coverage under this program shall be \$1,000,000 Per Claim/\$3,000,000 Annual Aggregate.
- B. Alternate limits of liability are available. The limit options and associated rating factors are shown in the table below:

Limit of Liability		Limit Factor
Per Claim	Annual Aggregate	
\$250,000	\$750,000	0.640
\$500,000	\$1,500,000	0.780
\$1,000,000	\$1,000,000	0.970
\$1,000,000	\$3,000,000	1.000

- C. For limits greater than \$1,000,000 Per Claim / \$3,000,000 Annual Aggregate, refer to company.

**IV. PRIOR ACTS COVERAGE**

- A. The claims made coverage retroactive date is the initial effective date of continuous coverage by the Company, unless the Company and the insured agree that the retroactive date should precede the initial policy effective date.
- B. Once established, the retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgment.
- C. When prior acts coverage is requested, the claims made year applicable is determined based on the retroactive date and the policy effective date as follows:
  - 1. Determine the number of years between the retroactive date and the policy effective date. This figure is the number of years of prior exposure. Any fractional year difference between the retroactive date and the effective date is calculated on a daily pro-rata basis.
  - 2. The claims-made year is the years of prior exposure plus 1.
  - 3. For fractional claims-made years, the applicable claims-made step factor is calculated using straight line interpolation between factors for surrounding claims-made years.
- D. The following claims-made step factors are applied to the premium.

Claims-Made Year	Step Factor
1	0.300
2	0.550
3	0.775
4	0.925
5+	1.000

**V. BASE RATE**

The base rate is shown in the State Rate Page.

**RATING MANUAL  
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PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**VI. RATE MODIFICATIONS**

**A. Part Time Physicians**

1. Any insured who the company determines is working as a part time practitioner will be eligible for a reduction in the otherwise applicable rate for that specialty. The credit for a part time practitioner is 50%.
2. The part time credit is not applied to the Extended Reporting Period Coverage rating unless the insured was rated part time for more than 24 months prior to the effective date of an Extended Reporting Period Endorsement.
3. No other credits are to apply concurrent with this rule except risk management and membership association credits.

**B. New Physician**

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
  - a. Residency;
  - b. Fellowship program in their medical specialty;
  - c. Fulfillment of a military obligation in remuneration for medical school tuition;
  - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown in the table below:

Year of Practice	Credit
1 <sup>st</sup>	50%
2 <sup>nd</sup>	30%
3 <sup>rd</sup>	15%
4 <sup>th</sup>	0%

**C. Physician's Leave of Absence**

1. A physician who becomes disabled, or is on leave of absence for a continuous period of 45 to 180 days, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and rate reduction.
5. A premium credit of 75% will apply during the period of disability or leave of absence.

**D. Physicians Military Leave of Absence**

1. A physician, who is on military leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at no premium charge during the leave of absence period. This will apply retroactively to the first day of the leave of absence. Only one application of this credit may be applied to an annual policy period.

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2. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and premium waiver.

**E. Schedule Rating**

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a policy may be modified in accordance with a maximum credit or debit modification indicated on the State Rate Page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the following specific considerations.

Characteristics	Max Credit	Max Debit
Cumulative Years of Patient Experience	15%	15%
Classification Anomalies	15%	15%
Claim Anomalies	15%	15%
Control Procedures	15%	15%
Number / Type of Patient Exposures.	15%	15%
Organizational Size / Structure	15%	15%
Medical Standards, Quality & Claim Review	15%	15%
Other Risk Management Practices and Procedures	15%	15%
Training, Accreditation & Credentialing	15%	15%
Record – Keeping Practices	15%	15%
Utilization of Monitoring Equipment, Diagnostic Tests or Procedures	15%	15%

**F. Membership Credit**

1. A 5% premium credit may be given to those insureds who are members of a qualified association.
2. Qualified associations are subject to Company approval.

**G. Claim Free Credits**

1. If no claim has been attributed to an insured, the insured will be eligible for a premium credit according to the following table.

Years Claim Free at Renewal	Credit
less than 3	0%
3 to 4	5%
5 to 7	10%
8 to 9	15%
10 or more	20%

2. A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.
3. Insureds converting coverage to the Company, who were claim free while insured by another carrier, shall qualify for credit at the policy inception date in accordance with the Company guidelines.
4. Years the insured was working part time will not be considered in the determination of years claim free.

**RATING MANUAL  
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**H. Large Group Rating**

1. A Group comprised of 10 members or more may be collectively rated.
2. Group is defined as any collective decision making group / body of insureds who may be owners of, employed by or under contract with a specific and distinct corporation, partnership or association.
3. The premium for a Group will be determined by multiplying the group's manual premium by any credits or debits assigned to the Group under the Schedule Rating Plan, Deductible Credit Rule, or Self Insured Retention Credit Rule. The group's manual premium will equal the sum of the individual manual premium for each scheduled insured covered under the policy. The individual manual premium will equal the filed rate for the scheduled insured minus any applicable Part Time, Risk Management, or Leave of Absence credits. However, once the premium for the Group has been established, the Company may allocate that premium among the scheduled insureds based upon applicable underwriting criteria.

**I. Aggregate Credit Rule**

1. The application of all approved credits contained in this rating manual shall not exceed 50% for any one insured.
2. This rule does not apply to Part Time Practice, Leave of Absence or Deductible Credits.

**VII. OPTIONAL COVERAGES**

**A. Locum Tenens Physician**

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.
2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Coverage shall extend for a maximum of 30 days during any one policy period beginning with the first assignment, regardless of the number of substitutes.

**B. Corporation/Partnership/Professional Association Charge**

1. If coverage is provided on a separate limit of liability basis, the premium is computed, per Corporation/Partnership/Professional Association, as one mature exposure unit of a non-surgical specialty classification that represents the prevailing specialty of the group practice plus the lesser of either 10% or the average of the developed physicians' premiums.
2. If a solo-practitioner desires coverage for the corporation/partnership/professional association, coverage can be provided for no additional premium charge, in which case the practitioner and the corporation/partnership/association share in the limit of liability.

**C. Extended Reporting Period Endorsement**

1. A named insured who is a person, and any additional named insured(s), may purchase an extension of coverage of at least twelve (12) months called an extended reporting period endorsement, if the named insured and additional named insured(s) have complied with all terms and conditions of this policy, and:
  - a. this policy is cancelled or non-renewed for any reason; or
  - b. during the policy period any additional named insured(s) ceases to have a practice relationship with the named insured listed in item 1. of the Declarations Page.

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The named insured or additional named insured(s) must purchase an extended reporting period endorsement by requesting the extended reporting period endorsement in writing and paying the premium within thirty (30) days after the termination of coverage.

2. The premium for an extended reporting period endorsement will be calculated as follows:
  - a. 100% of the actual premium in effect at policy issuance for a 12-month extended reporting period;
  - b. 160% of the actual premium in effect at policy issuance for a 24-month extended reporting period; or
  - c. 190% of the actual premium in effect at policy issuance for a 36-month extended reporting period.
  - d. 210% of the actual premium in effect at policy issuance for an unlimited extended reporting period.

The premium for the extended reporting period endorsement is fully earned; and

Full and timely payment of the premium are conditions precedent to the Company's obligation to provide an extended reporting period endorsement.

3. The Extended Reporting Period Endorsement:
  - a. does not extend the policy period;
  - b. does not extend the scope of coverage provided under this policy and applies only to otherwise covered claims or incident(s) which result from rendering or failure to render professional services on or after the retroactive date and before the end of the policy period, of which written notice is received by the Company during the extended reporting period.
  - c. cannot be canceled.

5. Limits of Liability

The extended reporting period has no separate limit of liability, and does not increase the limits of liability.

6. An extended reporting period endorsement will be provided and the premium charge will be waived by the Company if, during the policy period:
  - a. any named insured or additional named insured(s) dies;
  - b. named insured or additional named insured(s) completely and permanently retires from the clinical practice of medicine, as determined by the Company, and has been continuously insured with the Company, under a claims made policy for the last five (5) years before retirement and is at least 55 years of age.
  - c. any named insured or additional named insured(s) becomes disabled.

The insured or his or her representative must notify the Company of any such death, disability or retirement within thirty (30) days of such event, and provide certification of death, disability or retirement, and such other proof as the Company may request.

If any named insured or additional named insured(s) returns to active clinical practice of medicine, as determined by the Company, after receiving an extended reporting period endorsement for which the Company waived the premium due to disability or retirement, the Company reserves the right, in its sole discretion, to rescind the premium waiver and to

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

collect any premium due.



**ILLINOIS STATE RATE PAGE  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**I. PHYSICIAN CLASSIFICATION PLAN**

**A. Specialty Class Assignments**

Class	Specialty
1	Allergy, Public Health, Administrative Medicine, Aerospace Medicine, Physical Medicine/Rehabilitation
2	Dermatology - No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Occupational Medicine, Ophthalmology - No Surgery, Otorhinolaryngology - No Surgery
3	Geriatrics - No Surgery, Pathology, Psychiatry (Excl. Shock Therapy), Rheumatology
4	Dermatology - Minor Surgery, Family/General Practice - No Surgery, Endocrinology - No Surgery, Hematology/Oncology - No Surgery, Industrial Medicine, Ophthalmology - Minor Surgery, Psychiatry (Incl. Shock Therapy), Pediatrics - No Surgery, Nuclear Medicine
5	Dermatology – Surgery, Diabetes, Urology - No Surgery, Otorhinolaryngology – No Surgery
6	Cardiovascular - No Surgery, Hematology/Oncology - Minor Surgery, Infectious Disease - No Surgery, Gynecology - No Surgery, Hospitalist, Nephrology - No Surgery, Ophthalmology – Surgery, Plastic Surgery – No Surgery, General Surgery – No Surgery
7	Anesthesiology, Pain Management, , Diagnostic Radiology - No Surgery, Internal Medicine - No Surgery
8	Geriatrics - Minor Surgery, Gastroenterology, Infectious Disease - Minor Surgery, Endocrinology - Minor Surgery, Nephrology - Minor Surgery, , Otorhinolaryngology - Minor Surgery, Pulmonary Diseases, Radiation Oncology, Radiation Therapy, Urology - Minor Surgery, Orthopedic Surgery – No Surgery, Cardiac Surgery – No Surgery, Vascular Surgery – No Surgery, Thoracic Surgery – No Surgery
9	Family/General Practice - Minor Surgery, Internal Medicine - Minor Surgery, Urgent Care, Neurology - No Surgery, Podiatry Surgery, Diagnostic Radiology - Minor Surgery, Pediatrics - Minor Surgery
10	Urology – Surgery, Neurosurgery - No Surgery
11	Cardiovascular - Minor Surgery (Left Heart Catheterization), Cardiovascular - Minor Surgery (Right Heart Catheterization), Gynecology - Minor Surgery, Intensive Care Medicine, Neurology - Minor Surgery, Otorhinolaryngology - Surgery (Excl. Plastic), Diagnostic Radiology- Surgery
12	Colon & Rectal Surgery, Family/General Practice - Major Surgery, Gynecological Surgery
13	Head & Neck Surgery, Emergency Medicine - Minor Surgery
14	Emergency Medicine - Major Surgery
15	General Surgery, Hand Surgery, Abdominal Surgery, Pediatric Surgery
16	Orthopedic Surgery - Excl. Spine, Plastic Surgery, Otorhinolaryngology - Surgery (Incl. Plastic)
17	Neonatology
18	Cardiac Surgery, Vascular Surgery, Traumatic Surgery, Thoracic Surgery
19	Obstetrics - Surgery, OB/GYN - Surgery, Orthopedic Surgery - Incl. Spine
20	Neurosurgery

**ILLINOIS STATE RATE PAGE  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**B. Class Factors**

Class	Factor	Class	Factor
1	0.550	11	1.850
2	0.667	12	2.150
3	0.800	13	2.400
4	1.000	14	2.700
5	1.050	15	3.000
6	1.167	16	3.300
7	1.250	17	3.600
8	1.400	18	4.000
9	1.550	19	4.400
10	1.650	20	6.500

**II. TERRITORY FACTORS**

Territory	Factor	Counties
1	1.000	Cook, Jackson, Madison, St. Clair, Will
2	0.900	Lake, Vermilion
3	0.850	Kane, McHenry, Winnebago
4	0.750	DuPage, Kankakee, Macon
5	0.700	Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph
6	0.600	Grundy, Sangamon
7	0.475	Peoria
8	0.525	Remainder of State

**III. BASE RATE**

The mature claims-made rate for the base territory (i.e. territory 1), base classification (i.e. class 4) and the basic limit of liability (i.e. \$1,000,000/\$3,000,000) is \$30,000.

**IV. SCHEDULE RATING MAXIMUM**

The schedule rating maximum debit/credit is +/-50% with the exception of credits applied for Leave of Absence, Military Leave of Absence, or Restricted Practice.

# **NEW DOCUMENT**

**Neuman, Gayle**

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**From:** Neuman, Gayle  
**Sent:** Thursday, March 22, 2007 10:40 AM  
**To:** 'jeff.strand@ddiimail.com'  
**Subject:** Doctors Direct - Rate/Rule Filing #DD R 22007

Mr. Strand,

We are in receipt of the changes to the manual submitted by your letter dated March 19, 2007.

At this time, I have only one issue to be addressed. Under XI. Premium Payment Plan, the first paragraph should state the company will offer each insured the quarterly premium installment payment plan. The wording "at its discretion" is inappropriate for this plan. The wording for the quarterly premium installment payment plan should additionally indicate that it will be available thereafter whenever an insured should request such.

Additionally, if there are any other payment plans that will be offered by the company, such information about them should be added including the criteria used by the company to determine if such will be issued. Please specify if no other plans are offered.

We request receipt of your response by March 28, 2007.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: [Gayle.Neuman@illinois.gov](mailto:Gayle.Neuman@illinois.gov)

3/22/2007

# **NEW DOCUMENT**



March 19, 2007

Gayle Neuman, Insurance Analyst  
Illinois Division of Insurance  
320 West Washington Street  
Springfield, IL 62767-0001

Re: Doctors Direct Insurance, Inc. FEIN 06 - 1791609  
Amended Rate Filing # DD R22007  
New Filing for Medical Professional Liability (Medical Malpractice) Insurance for  
Physicians and Surgeons  
Effective Date of Use – March 23, 2007

Dear Ms. Neuman:

Enclosed please find an amended rating manual for writing physicians and surgeons professional liability coverage in Illinois. I have also included a redlined version with the changes made from the original rate filing for your convenience.

Doctors Direct Insurance, Inc. in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate.

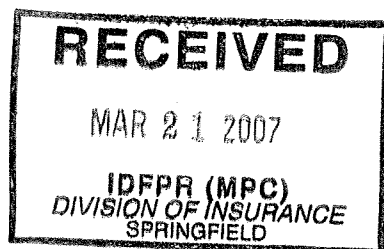
Doctors Direct Insurance, Inc. has its own plan for the gathering of medical liability statistics.

Thank you again for your assistance and please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff B Strand", is written over a horizontal line.

Jeffrey B. Strand, President



**DOCTORS DIRECT INSURANCE, INC.**

PHYSICIANS AND SURGEONS  
PROFESSIONAL LIABILITY INSURANCE

RATING MANUAL

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**SECTION ONE – GENERAL RULES**

**I. APPLICATION OF MANUAL**

This manual provides rules, rates, premiums, classifications and territories that will be used by Doctors Direct Insurance, Inc. ("the Company") in providing Professional Liability to Physicians and Surgeons.

**II. COVERAGE FORM**

All policies will be written on a claims made basis.

**III. POLICY TERM**

Policies will be written for a term of one year, and renewed annually thereafter. The policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year for a short term policy period.

**IV. PREMIUM COMPUTATION**

- A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.
- B. When a policy is issued for other than an annual term, the premiums will be computed on a pro-rata basis.

**V. FACTORS OR MULTIPLIERS**

- A. Unless otherwise indicated, factors or multipliers are to be applied consecutively and not added together.
- B. Rate Modifications listed as % credits are applied multiplicatively as follows:  $\text{rate} \times (1 - \text{credit } \%)$  or  $\text{rate} \times (1 + \text{debit } \%)$ .

**VI. POLICY WRITING MINIMUM PREMIUM**

The minimum annual premium shall be \$250 unless otherwise specified.

**VII. WHOLE DOLLAR RULE**

The final premium for each physician or surgeon for will be rounded to the nearest whole dollar as follows:

- A. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.
- B. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

**VIII. ADDITIONAL PREMIUM CHARGES**

- A. All changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.
- B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations. After computing the additional premium, charge the amount applicable from the effective date of the change.
- C. Additional premiums of \$25 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

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**RATING MANUAL  
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**IX. RETURN PREMIUMS**

- A. Return premiums are computed using rates and rules in effect at policy inception.
- B. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any exposure is deleted, or an amount of insurance is reduced.
- C. Retain the Policy Writing Minimum Premium.
- D. Return premiums of \$25 or less may be waived. However, the premium will be returned if requested in writing by the insured.

**X. POLICY CANCELLATIONS**

- A. Return premiums for cancellations initiated by the Company will be computed on a pro-rata basis, rounded to the next higher whole dollar.
- B. Return premiums for cancellations initiated by the Insured will be computed on a 90% of pro rata basis, rounded to the next higher whole dollar.

**XI. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer the insured various premium payment options.

Quarterly Installment Option

a. An initial down payment of no more than 40% of the estimated total premium due at policy inception;

b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;

c. No interest charges;

d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;

e. Additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

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**SECTION TWO – RATING RULES**

**I. SPECIALTY CLASSIFICATIONS**

- A. Each physician is assigned a classification code according to their specialty. The specialty classifications and their associated rating factors are shown on the State Rate Page.
- B. For the purpose of determining each physician's specialty designation:
  - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
  - 2. The terms "minor surgery" and "major surgery" may apply to general practitioners and specialists.
- C. The Company will assign specialty class based on the practice profile and procedures noted in the physician's application. The company may blend the rates of two or more specialty classifications based on the practice profile and procedures noted in the physician's application.
- D. If a physician's specialty is not listed on the State Rate Page, assign the physician to the classification that applies to the most similar specialty listed.

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**RATING MANUAL  
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**II. TERRITORIES**

- A. Territory assignments are based on each individual insured's practice as insured by the Company. Portions of the practice that are not insured by the Company are not considered.
- B. If an insured practices in two or more territories, the company may blend the rates of the applicable territories.
- C. The territory definitions and associated rating factors are shown on the State Rate Page.

**III. LIMITS OF LIABILITY**

- A. Basic Limits of Liability for Professional Liability Claims Made coverage under this program shall be \$1,000,000 Per Claim/\$3,000,000 Annual Aggregate.
- B. Alternate limits of liability are available. The limit options and associated rating factors are shown in the table below:

Limit of Liability		Limit Factor
Per Claim	Annual Aggregate	
\$250,000	\$750,000	0.640
\$500,000	\$1,500,000	0.780
\$1,000,000	\$1,000,000	0.970
\$1,000,000	\$3,000,000	1.000

- C. For limits greater than \$1,000,000 Per Claim / \$3,000,000 Annual Aggregate, refer to company.

**IV. PRIOR ACTS COVERAGE**

- A. The claims made coverage retroactive date is the initial effective date of continuous coverage by the Company, unless the Company and the insured agree that the retroactive date should precede the initial policy effective date.
- B. Once established, the retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgment.
- C. When prior acts coverage is requested, the claims made year applicable is determined based on the retroactive date and the policy effective date as follows:
  - 1. Determine the number of years between the retroactive date and the policy effective date. This figure is the number of years of prior exposure. Any fractional year difference between the retroactive date and the effective date is calculated on a daily pro-rata basis.
  - 2. The claims-made year is the years of prior exposure plus 1.
  - 3. For fractional claims-made years, the applicable claims-made step factor is calculated using straight line interpolation between factors for surrounding claims-made years.
- D. The following claims-made step factors are applied to the premium.

Claims-Made Year	Step Factor
1	0.300
2	0.550
3	0.775
4	0.925
5+	1.000

**V. BASE RATE**

The base rate is shown in the State Rate Page.

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**RATING MANUAL  
FOR  
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**VI. RATE MODIFICATIONS**

**A. Part Time Physicians**

1. Any insured who the company determines is working as a part time practitioner will be eligible for a reduction in the otherwise applicable rate for that specialty. The credit for a part time practitioner is 50%.
2. The part time credit is not applied to the Extended Reporting Period Coverage rating unless the insured was rated part time for more than 24 months prior to the effective date of an Extended Reporting Period Endorsement.
3. No other credits are to apply concurrent with this rule except risk management and membership association credits.

**Deleted:** may

**Deleted:** will not exceed

**Deleted:** part time practice did not exceed a specified number of hours/year over the previous five consecutive policy years with the Company or if the

**Deleted:** the entire retroactive period

**Deleted:** The average number of hours in practice per week during the previous five policy years will determine the applicable credit.

**B. New Physician**

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
  - a. Residency;
  - b. Fellowship program in their medical specialty;
  - c. Fulfillment of a military obligation in remuneration for medical school tuition;
  - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown in the table below:

Year of Practice	Credit
1 <sup>st</sup>	50%
2 <sup>nd</sup>	30%
3 <sup>rd</sup>	15%
4 <sup>th</sup>	0%

**C. Physician's Leave of Absence**

1. A physician who becomes disabled, or is on leave of absence for a continuous period of 45 to 180 days, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and rate reduction.
5. A premium credit of 75% will apply during the period of disability or leave of absence.

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**D. Physicians Military Leave of Absence**

1. A physician, who is on military leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at no premium charge during the leave of absence period. This will apply retroactively to the first day of the leave of absence. Only one application of this credit may be applied to an annual policy period.

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**RATING MANUAL  
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2. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and premium waiver.

**E. Schedule Rating**

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a policy may be modified in accordance with a maximum credit or debit modification indicated on the State Rate Page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the following specific considerations.

Characteristics	Max Credit	Max Debit
Cumulative Years of Patient Experience	15%	15%
Classification Anomalies	15%	15%
Claim Anomalies	15%	15%
Control Procedures	15%	15%
Number / Type of Patient Exposures.	15%	15%
Organizational Size / Structure	15%	15%
Medical Standards, Quality & Claim Review	15%	15%
Other Risk Management Practices and Procedures	15%	15%
Training, Accreditation & Credentialing	15%	15%
Record – Keeping Practices	15%	15%
Utilization of Monitoring Equipment, Diagnostic Tests or Procedures	15%	15%

**Deleted:** <#>Physicians Restricted Practice¶  
<#>Any insured who the company determines has substantially reduced or limited their practice activities may be eligible for a reduction in the otherwise applicable rate for their specialty. ¶  
<#>A premium credit of up to 75% may apply during this period of restricted practice. ¶  
<#>A written request must be received by the Company detailing the reduction or limitation of the physician's practice activities. ¶

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**F. Membership Credit**

1. A 5% premium credit may be given to those insureds who are members of a qualified association.
2. Qualified associations are subject to Company approval.

**Deleted:** <#>Risk Management ¶  
The insured may receive a premium credit of up to 10% for up to 3 years, in recognition of completion of a Risk Management course approved by the Company. ¶

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**G. Claim Free Credits**

1. If no claim has been attributed to an insured, the insured will be eligible for a premium credit according to the following table.

Years Claim Free at Renewal	Credit
less than 3	0%
3 to 4	5%
5 to 7	10%
8 to 9	15%
10 or more	20%

2. A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.
3. Insureds converting coverage to the Company, who were claim free while insured by another carrier, shall qualify for credit at the policy inception date in accordance with the Company guidelines.
4. Years the insured was working part time will not be considered in the determination of years claim free.

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**RATING MANUAL  
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**H. Deductibles**

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1. Credits shall be available, subject to underwriting guidelines.
2. The deductibles shall apply to the indemnity portion of each loss unless otherwise modified by statute.
3. Deductibles can only be revised at policy renewal.
4. The following deductible credits shall apply to the primary limits premium, net of other applicable credits.

Per Claim Deductible	Premium Credit
\$5,000	1.5%
\$10,000	3.0%
\$15,000	5.0%
\$20,000	6.5%
\$25,000	7.5%
\$30,000	9.0%
\$50,000	12.0%
\$75,000	15.0%
\$100,000	20.0%
\$200,000	30.0%
\$250,000	35.0%
\$300,000	40.0%
\$500,000	45.0%

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**I. Large Group Rating**

1. A Group comprised of 10 members or more may be collectively rated.
2. Group is defined as any collective decision making group / body of insureds who may be owners of, employed by or under contract with a specific and distinct corporation, partnership or association.
3. The premium for a Group will be determined by multiplying the group's manual premium by any credits or debits assigned to the Group under the Schedule Rating Plan, Deductible Credit Rule, or Self Insured Retention Credit Rule. The group's manual premium will equal the sum of the individual manual premium for each scheduled insured covered under the policy. The individual manual premium will equal the filed rate for the scheduled insured minus any applicable Part Time, Risk Management, or Leave of Absence credits. However, once the premium for the Group has been established, the Company may allocate that premium among the scheduled insureds based upon applicable underwriting criteria.

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**J. Aggregate Credit Rule**

1. The application of all approved credits contained in this rating manual shall not exceed 50% for any one insured.
2. This rule does not apply to Part Time Practice, Leave of Absence or Deductible Credits.

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**VII. OPTIONAL COVERAGES**

**A. Locum Tenens Physician**

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.

**RATING MANUAL  
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2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Coverage shall extend for a maximum of 30 days during any one policy period beginning with the first assignment, regardless of the number of substitutes.

**B. Corporation/Partnership/Professional Association Charge**

1. If coverage is provided on a separate limit of liability basis, the premium is computed, per Corporation/Partnership/Professional Association, as one mature exposure unit of a non-surgical specialty classification that represents the prevailing specialty of the group practice plus the lesser of either 10% or the average of the developed physicians' premiums.
2. If a solo-practitioner desires coverage for the corporation/partnership/professional association, coverage can be provided for no additional premium charge, in which case the practitioner and the corporation/partnership/association share in the limit of liability.

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**Deleted:** up to 10% of the total developed professional liability premium for each practitioner and ancillary person charged a rate.

**Deleted:** The premium will be subject to a maximum of 100% of the highest rated physician within the group.

**C. Extended Reporting Period Endorsement**

1. A named insured who is a person, and any additional named insured(s), may purchase an extension of coverage of at least twelve (12) months called an extended reporting period endorsement, if the named insured and additional named insured(s) have complied with all terms and conditions of this policy, and:
  - a. this policy is cancelled or non-renewed for any reason; or
  - b. during the policy period any additional named insured(s) ceases to have a practice relationship with the named insured listed in item 1. of the Declarations Page.

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**Deleted:** end of the policy period or, if earlier, when an additional named insured(s) ceases to have a practice relationship with the named insured during the policy period.¶

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The named insured or additional named insured(s) must purchase an extended reporting period endorsement by requesting the extended reporting period endorsement in writing and paying the premium within thirty (30) days after the termination of coverage.

**2. The premium for an extended reporting period endorsement will be calculated as follows:**

- a. 100% of the actual premium in effect at policy issuance for a 12-month extended reporting period;
- b. 160% of the actual premium in effect at policy issuance for a 24-month extended reporting period; or
- c. 190% of the actual premium in effect at policy issuance for a 36-month extended reporting period.
- d. 210% of the actual premium in effect at policy issuance for an unlimited extended reporting period.

The premium for the extended reporting period endorsement is fully earned; and

Full and timely payment of the premium are conditions precedent to the Company's obligation to provide an extended reporting period endorsement.

**3. The Extended Reporting Period Endorsement:**

- a. does not extend the policy period;
- b. does not extend the scope of coverage provided under this policy and applies only to otherwise covered claims or incident(s) which result from rendering or failure to render professional services on or after the retroactive date and before the end of the policy period, of which written notice is received by the Company during the extended reporting period.
- c. cannot be canceled.

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**5. Limits of Liability**

The extended reporting period has no separate limit of liability, and does not increase the limits of liability.

6. An extended reporting period endorsement will be provided and the premium charge will be waived by the Company if, during the policy period:

- a. any named insured or additional named insured(s) dies;
- b. named insured or additional named insured(s) completely and permanently retires from the clinical practice of medicine, as determined by the Company, and has been continuously insured with the Company, under a claims made policy for the last five (5) years before retirement and is at least 55 years of age.
- c. any named insured or additional named insured(s) becomes disabled.

The insured or his or her representative must notify the Company of any such death, disability or retirement within thirty (30) days of such event, and provide certification of death, disability or retirement, and such other proof as the Company may request.

If any named insured or additional named insured(s) returns to active clinical practice of medicine, as determined by the Company, after receiving an extended reporting period endorsement for which the Company waived the premium due to disability or retirement, the Company reserves the right, in its sole discretion, to rescind the premium waiver and to collect any premium due.

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**ILLINOIS STATE RATE PAGE**  
**FOR**  
**PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**I. PHYSICIAN CLASSIFICATION PLAN**

**A. Specialty Class Assignments**

Class	Specialty
1	Allergy, Public Health, Administrative Medicine, Aerospace Medicine, Physical Medicine/Rehabilitation
2	Dermatology - No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Occupational Medicine, Ophthalmology - No Surgery, Otorhinolaryngology - No Surgery
3	Geriatrics - No Surgery, Pathology, Psychiatry (Excl. Shock Therapy), Rheumatology
4	Dermatology - Minor Surgery, Family/General Practice - No Surgery, Endocrinology - No Surgery, Hematology/Oncology - No Surgery, Industrial Medicine, Ophthalmology - Minor Surgery, Psychiatry (Incl. Shock Therapy), Pediatrics - No Surgery, Nuclear Medicine
5	Dermatology - Surgery, Diabetes, Urology - No Surgery, Otorhinolaryngology - No Surgery
6	Cardiovascular - No Surgery, Hematology/Oncology - Minor Surgery, Infectious Disease - No Surgery, Gynecology - No Surgery, Hospitalist, Nephrology - No Surgery, Ophthalmology - Surgery, Plastic Surgery - No Surgery, General Surgery - No Surgery
7	Anesthesiology, Pain Management, , Diagnostic Radiology - No Surgery, Internal Medicine - No Surgery
8	Geriatrics - Minor Surgery, Gastroenterology, Infectious Disease - Minor Surgery, Endocrinology - Minor Surgery, Nephrology - Minor Surgery, , Otorhinolaryngology - Minor Surgery, Pulmonary Diseases, Radiation Oncology, Radiation Therapy, Urology - Minor Surgery, Orthopedic Surgery - No Surgery, Cardiac Surgery - No Surgery, Vascular Surgery - No Surgery, Thoracic Surgery - No Surgery
9	Family/General Practice - Minor Surgery, Internal Medicine - Minor Surgery, Urgent Care, Neurology - No Surgery, Podiatry Surgery, Diagnostic Radiology - Minor Surgery, Pediatrics - Minor Surgery
10	Urology - Surgery, Neurosurgery - No Surgery
11	Cardiovascular - Minor Surgery (Left Heart Catheterization), Cardiovascular - Minor Surgery (Right Heart Catheterization), Gynecology - Minor Surgery, Intensive Care Medicine, Neurology - Minor Surgery, Otorhinolaryngology - Surgery (Excl. Plastic), Diagnostic Radiology- Surgery
12	Colon & Rectal Surgery, Family/General Practice - Major Surgery, Gynecological Surgery
13	Head & Neck Surgery, Emergency Medicine - Minor Surgery
14	Emergency Medicine - Major Surgery
15	General Surgery, Hand Surgery, Abdominal Surgery, Pediatric Surgery
16	Orthopedic Surgery - Excl. Spine, Plastic Surgery, Otorhinolaryngology - Surgery (Incl. Plastic)
17	Neonatology
18	Cardiac Surgery, Vascular Surgery, Traumatic Surgery, Thoracic Surgery
19	Obstetrics - Surgery, OB/GYN - Surgery, Orthopedic Surgery - Incl. Spine,
20	Neurosurgery

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**ILLINOIS STATE RATE PAGE  
FOR  
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**B. Class Factors**

Class	Factor	Class	Factor
1	0.550	11	1.850
2	0.667	12	2.150
3	0.800	13	2.400
4	1.000	14	2.700
5	1.050	15	3.000
6	1.167	16	3.300
7	1.250	17	3.600
8	1.400	18	4.000
9	1.550	19	4.400
10	1.650	20	6.500

**II. TERRITORY FACTORS**

Territory	Factor	Counties
1	1.000	Cook, Jackson, Madison, St. Clair, Will
2	0.900	Lake, Vermilion
3	0.850	Kane, McHenry, Winnebago
4	0.750	DuPage, Kankakee, Macon
5	0.700	Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph
6	0.600	Grundy, Sangamon
7	0.475	Peoria
8	0.525	Remainder of State

**III. BASE RATE**

The mature claims-made rate for the base territory (i.e. territory 1), base classification (i.e. class 4) and the basic limit of liability (i.e. \$1,000,000/\$3,000,000) is \$30,000.

**IV. SCHEDULE RATING MAXIMUM**

The schedule rating maximum debit/credit is +/-50% with the exception of credits applied for Leave of Absence, Military Leave of Absence, or Restricted Practice.

**DOCTORS DIRECT INSURANCE, INC.**

PHYSICIANS AND SURGEONS  
PROFESSIONAL LIABILITY INSURANCE

RATING MANUAL

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**SECTION ONE – GENERAL RULES**

**I. APPLICATION OF MANUAL**

This manual provides rules, rates, premiums, classifications and territories that will be used by Doctors Direct Insurance, Inc. ("the Company") in providing Professional Liability to Physicians and Surgeons.

**II. COVERAGE FORM**

All policies will be written on a claims made basis.

**III. POLICY TERM**

Policies will be written for a term of one year, and renewed annually thereafter. The policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year for a short term policy period.

**IV. PREMIUM COMPUTATION**

A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.

B. When a policy is issued for other than an annual term, the premiums will be computed on a pro-rata basis.

**V. FACTORS OR MULTIPLIERS**

A. Unless otherwise indicated, factors or multipliers are to be applied consecutively and not added together.

B. Rate Modifications listed as % credits are applied multiplicatively as follows: rate x (1 – credit %) or rate x (1 + debit %).

**VI. POLICY WRITING MINIMUM PREMIUM**

The minimum annual premium shall be \$250 unless otherwise specified.

**VII. WHOLE DOLLAR RULE**

The final premium for each physician or surgeon for will be rounded to the nearest whole dollar as follows:

A. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.

B. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

**VIII. ADDITIONAL PREMIUM CHARGES**

A. All changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.

B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations. After computing the additional premium, charge the amount applicable from the effective date of the change.

C. Additional premiums of \$25 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

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**IX. RETURN PREMIUMS**

- A. Return premiums are computed using rates and rules in effect at policy inception.
- B. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any exposure is deleted, or an amount of insurance is reduced.
- C. Retain the Policy Writing Minimum Premium.
- D. Return premiums of \$25 or less may be waived. However, the premium will be returned if requested in writing by the insured.

**X. POLICY CANCELLATIONS**

- A. Return premiums for cancellations initiated by the Company will be computed on a pro-rata basis, rounded to the next higher whole dollar.
- B. Return premiums for cancellations initiated by the Insured will be computed on a 90% of pro rata basis, rounded to the next higher whole dollar.

**XI. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer the insured various premium payment options.

**Quarterly Installment Option**

- a. An initial down payment of no more than 40% of the estimated total premium due at policy inception;
- b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- c. No interest charges;
- d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- e. Additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**SECTION TWO – RATING RULES**

**I. SPECIALTY CLASSIFICATIONS**

- A. Each physician is assigned a classification code according to their specialty. The specialty classifications and their associated rating factors are shown on the State Rate Page.
- B. For the purpose of determining each physician's specialty designation:
  - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
  - 2. The terms "minor surgery" and "major surgery" may apply to general practitioners and specialists.
- C. The Company will assign specialty class based on the practice profile and procedures noted in the physician's application. The company may blend the rates of two or more specialty classifications based on the practice profile and procedures noted in the physician's application.
- D. If a physician's specialty is not listed on the State Rate Page, assign the physician to the classification that applies to the most similar specialty listed.

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**II. TERRITORIES**

- A. Territory assignments are based on each individual insured's practice as insured by the Company. Portions of the practice that are not insured by the Company are not considered.
- B. If an insured practices in two or more territories, the company may blend the rates of the applicable territories.
- C. The territory definitions and associated rating factors are shown on the State Rate Page.

**III. LIMITS OF LIABILITY**

- A. Basic Limits of Liability for Professional Liability Claims Made coverage under this program shall be \$1,000,000 Per Claim/\$3,000,000 Annual Aggregate.
- B. Alternate limits of liability are available. The limit options and associated rating factors are shown in the table below:

Limit of Liability		Limit Factor
Per Claim	Annual Aggregate	
\$250,000	\$750,000	0.640
\$500,000	\$1,500,000	0.780
\$1,000,000	\$1,000,000	0.970
\$1,000,000	\$3,000,000	1.000

- C. For limits greater than \$1,000,000 Per Claim / \$3,000,000 Annual Aggregate, refer to company.

**IV. PRIOR ACTS COVERAGE**

- A. The claims made coverage retroactive date is the initial effective date of continuous coverage by the Company, unless the Company and the insured agree that the retroactive date should precede the initial policy effective date.
- B. Once established, the retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgment.
- C. When prior acts coverage is requested, the claims made year applicable is determined based on the retroactive date and the policy effective date as follows:
  - 1. Determine the number of years between the retroactive date and the policy effective date. This figure is the number of years of prior exposure. Any fractional year difference between the retroactive date and the effective date is calculated on a daily pro-rata basis.
  - 2. The claims-made year is the years of prior exposure plus 1.
  - 3. For fractional claims-made years, the applicable claims-made step factor is calculated using straight line interpolation between factors for surrounding claims-made years.
- D. The following claims-made step factors are applied to the premium.

Claims-Made Year	Step Factor
1	0.300
2	0.550
3	0.775
4	0.925
5+	1.000

**V. BASE RATE**

The base rate is shown in the State Rate Page.

**RATING MANUAL  
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**VI. RATE MODIFICATIONS**

**A. Part Time Physicians**

1. Any insured who the company determines is working as a part time practitioner will be eligible for a reduction in the otherwise applicable rate for that specialty. The credit for a part time practitioner is 50%.
2. The part time credit is not applied to the Extended Reporting Period Coverage rating unless the insured was rated part time for more than 24 months prior to the effective date of an Extended Reporting Period Endorsement.
3. No other credits are to apply concurrent with this rule except risk management and membership association credits.

**B. New Physician**

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
  - a. Residency;
  - b. Fellowship program in their medical specialty;
  - c. Fulfillment of a military obligation in remuneration for medical school tuition;
  - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown in the table below:

Year of Practice	Credit
1 <sup>st</sup>	50%
2 <sup>nd</sup>	30%
3 <sup>rd</sup>	15%
4 <sup>th</sup>	0%

**C. Physician's Leave of Absence**

1. A physician who becomes disabled, or is on leave of absence for a continuous period of 45 to 180 days, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and rate reduction.
5. A premium credit of 75% will apply during the period of disability or leave of absence.

**D. Physicians Military Leave of Absence**

1. A physician, who is on military leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at no premium charge during the leave of absence period. This will apply retroactively to the first day of the leave of absence. Only one application of this credit may be applied to an annual policy period.

**RATING MANUAL  
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2. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and premium waiver.

**E. Schedule Rating**

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a policy may be modified in accordance with a maximum credit or debit modification indicated on the State Rate Page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the following specific considerations.

Characteristics	Max Credit	Max Debit
Cumulative Years of Patient Experience	15%	15%
Classification Anomalies	15%	15%
Claim Anomalies	15%	15%
Control Procedures	15%	15%
Number / Type of Patient Exposures.	15%	15%
Organizational Size / Structure	15%	15%
Medical Standards, Quality & Claim Review	15%	15%
Other Risk Management Practices and Procedures	15%	15%
Training, Accreditation & Credentialing	15%	15%
Record – Keeping Practices	15%	15%
Utilization of Monitoring Equipment, Diagnostic Tests or Procedures	15%	15%

**F. Membership Credit**

1. A 5% premium credit may be given to those insureds who are members of a qualified association.
2. Qualified associations are subject to Company approval.

**G. Claim Free Credits**

1. If no claim has been attributed to an insured, the insured will be eligible for a premium credit according to the following table.

Years Claim Free at Renewal	Credit
less than 3	0%
3 to 4	5%
5 to 7	10%
8 to 9	15%
10 or more	20%

2. A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.
3. Insureds converting coverage to the Company, who were claim free while insured by another carrier, shall qualify for credit at the policy inception date in accordance with the Company guidelines.
4. Years the insured was working part time will not be considered in the determination of years claim free.

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**H. Deductibles**

1. Credits shall be available, subject to underwriting guidelines.
2. The deductibles shall apply to the indemnity portion of each loss unless otherwise modified by statute.
3. Deductibles can only be revised at policy renewal.
4. The following deductible credits shall apply to the primary limits premium, net of other applicable credits.

Per Claim Deductible	Premium Credit
\$5,000	1.5%
\$10,000	3.0%
\$15,000	5.0%
\$20,000	6.5%
\$25,000	7.5%
\$30,000	9.0%
\$50,000	12.0%
\$75,000	15.0%
\$100,000	20.0%
\$200,000	30.0%
\$250,000	35.0%
\$300,000	40.0%
\$500,000	45.0%

**I. Large Group Rating**

1. A Group comprised of 10 members or more may be collectively rated.
2. Group is defined as any collective decision making group / body of insureds who may be owners of, employed by or under contract with a specific and distinct corporation, partnership or association.
3. The premium for a Group will be determined by multiplying the group's manual premium by any credits or debits assigned to the Group under the Schedule Rating Plan, Deductible Credit Rule, or Self Insured Retention Credit Rule. The group's manual premium will equal the sum of the individual manual premium for each scheduled insured covered under the policy. The individual manual premium will equal the filed rate for the scheduled insured minus any applicable Part Time, Risk Management, or Leave of Absence credits. However, once the premium for the Group has been established, the Company may allocate that premium among the scheduled insureds based upon applicable underwriting criteria.

**J. Aggregate Credit Rule**

1. The application of all approved credits contained in this rating manual shall not exceed 50% for any one insured.
2. This rule does not apply to Part Time Practice, Leave of Absence or Deductible Credits.

**VII. OPTIONAL COVERAGES**

**A. Locum Tenens Physician**

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.



**RATING MANUAL  
FOR  
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2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
  3. Coverage shall extend for a maximum of 30 days during any one policy period beginning with the first assignment, regardless of the number of substitutes.
- B. Corporation/Partnership/Professional Association Charge
1. If coverage is provided on a separate limit of liability basis, the premium is computed, per Corporation/Partnership/Professional Association, as one mature exposure unit of a non-surgical specialty classification that represents the prevailing specialty of the group practice plus the lesser of either 10% or the average of the developed physicians' premiums.
  2. If a solo-practitioner desires coverage for the corporation/partnership/professional association, coverage can be provided for no additional premium charge, in which case the practitioner and the corporation/partnership/association share in the limit of liability.
- C. Extended Reporting Period Endorsement
1. A named insured who is a person, and any additional named insured(s), may purchase an extension of coverage of at least twelve (12) months called an extended reporting period endorsement, if the named insured and additional named insured(s) have complied with all terms and conditions of this policy, and:
    - a. this policy is cancelled or non-renewed for any reason; or
    - b. during the policy period any additional named insured(s) ceases to have a practice relationship with the named insured listed in item 1. of the Declarations Page.

The named insured or additional named insured(s) must purchase an extended reporting period endorsement by requesting the extended reporting period endorsement in writing and paying the premium within thirty (30) days after the termination of coverage.

2. The premium for an extended reporting period endorsement will be calculated as follows:
  - a. 100% of the actual premium in effect at policy issuance for a 12-month extended reporting period;
  - b. 160% of the actual premium in effect at policy issuance for a 24-month extended reporting period; or
  - c. 190% of the actual premium in effect at policy issuance for a 36-month extended reporting period.
  - d. 210% of the actual premium in effect at policy issuance for an unlimited extended reporting period.

The premium for the extended reporting period endorsement is fully earned; and

Full and timely payment of the premium are conditions precedent to the Company's obligation to provide an extended reporting period endorsement.

3. The Extended Reporting Period Endorsement:
  - a. does not extend the policy period;
  - b. does not extend the scope of coverage provided under this policy and applies only to otherwise covered claims or incident(s) which result from rendering or failure to render professional services on or after the retroactive date and before the end of the policy period, of which written notice is received by the Company during the extended reporting period.
  - c. cannot be canceled.

**RATING MANUAL  
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5. Limits of Liability

The extended reporting period has no separate limit of liability, and does not increase the limits of liability.

6. An extended reporting period endorsement will be provided and the premium charge will be waived by the Company if, during the policy period:

- a. any named insured or additional named insured(s) dies;
- b. named insured or additional named insured(s) completely and permanently retires from the clinical practice of medicine, as determined by the Company, and has been continuously insured with the Company, under a claims made policy for the last five (5) years before retirement and is at least 55 years of age.
- c. any named insured or additional named insured(s) becomes disabled.

The insured or his or her representative must notify the Company of any such death, disability or retirement within thirty (30) days of such event, and provide certification of death, disability or retirement, and such other proof as the Company may request.

If any named insured or additional named insured(s) returns to active clinical practice of medicine, as determined by the Company, after receiving an extended reporting period endorsement for which the Company waived the premium due to disability or retirement, the Company reserves the right, in its sole discretion, to rescind the premium waiver and to collect any premium due.

**ILLINOIS STATE RATE PAGE  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**I. PHYSICIAN CLASSIFICATION PLAN**

**A. Specialty Class Assignments**

Class	Specialty
1	Allergy, Public Health, Administrative Medicine, Aerospace Medicine, Physical Medicine/Rehabilitation
2	Dermatology - No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Occupational Medicine, Ophthalmology - No Surgery, Otorhinolaryngology - No Surgery
3	Geriatrics - No Surgery, Pathology, Psychiatry (Excl. Shock Therapy), Rheumatology
4	Dermatology - Minor Surgery, Family/General Practice - No Surgery, Endocrinology - No Surgery, Hematology/Oncology - No Surgery, Industrial Medicine, Ophthalmology - Minor Surgery, Psychiatry (Incl. Shock Therapy), Pediatrics - No Surgery, Nuclear Medicine
5	Dermatology – Surgery, Diabetes, Urology - No Surgery, Otorhinolaryngology – No Surgery
6	Cardiovascular - No Surgery, Hematology/Oncology - Minor Surgery, Infectious Disease - No Surgery, Gynecology - No Surgery, Hospitalist, Nephrology - No Surgery, Ophthalmology – Surgery, Plastic Surgery – No Surgery, General Surgery – No Surgery
7	Anesthesiology, Pain Management, , Diagnostic Radiology - No Surgery, Internal Medicine - No Surgery
8	Geriatrics - Minor Surgery, Gastroenterology, Infectious Disease - Minor Surgery, Endocrinology - Minor Surgery, Nephrology - Minor Surgery, , Otorhinolaryngology - Minor Surgery, Pulmonary Diseases, Radiation Oncology, Radiation Therapy, Urology - Minor Surgery, Orthopedic Surgery – No Surgery, Cardiac Surgery – No Surgery, Vascular Surgery – No Surgery, Thoracic Surgery – No Surgery
9	Family/General Practice - Minor Surgery, Internal Medicine - Minor Surgery, Urgent Care, Neurology - No Surgery, Podiatry Surgery, Diagnostic Radiology - Minor Surgery, Pediatrics - Minor Surgery
10	Urology – Surgery, Neurosurgery - No Surgery
11	Cardiovascular - Minor Surgery (Left Heart Catheterization), Cardiovascular - Minor Surgery (Right Heart Catheterization), Gynecology - Minor Surgery, Intensive Care Medicine, Neurology - Minor Surgery, Otorhinolaryngology - Surgery (Excl. Plastic), Diagnostic Radiology- Surgery
12	Colon & Rectal Surgery, Family/General Practice - Major Surgery, Gynecological Surgery
13	Head & Neck Surgery, Emergency Medicine - Minor Surgery
14	Emergency Medicine - Major Surgery
15	General Surgery, Hand Surgery, Abdominal Surgery, Pediatric Surgery
16	Orthopedic Surgery - Excl. Spine, Plastic Surgery, Otorhinolaryngology - Surgery (Incl. Plastic)
17	Neonatology
18	Cardiac Surgery, Vascular Surgery, Traumatic Surgery, Thoracic Surgery
19	Obstetrics - Surgery, OB/GYN - Surgery, Orthopedic Surgery - Incl. Spine
20	Neurosurgery

**ILLINOIS STATE RATE PAGE  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

**B. Class Factors**

Class	Factor	Class	Factor
1	0.550	11	1.850
2	0.667	12	2.150
3	0.800	13	2.400
4	1.000	14	2.700
5	1.050	15	3.000
6	1.167	16	3.300
7	1.250	17	3.600
8	1.400	18	4.000
9	1.550	19	4.400
10	1.650	20	6.500

**II. TERRITORY FACTORS**

Territory	Factor	Counties
1	1.000	Cook, Jackson, Madison, St. Clair, Will
2	0.900	Lake, Vermilion
3	0.850	Kane, McHenry, Winnebago
4	0.750	DuPage, Kankakee, Macon
5	0.700	Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph
6	0.600	Grundy, Sangamon
7	0.475	Peoria
8	0.525	Remainder of State

**III. BASE RATE**

The mature claims-made rate for the base territory (i.e. territory 1), base classification (i.e. class 4) and the basic limit of liability (i.e. \$1,000,000/\$3,000,000) is \$30,000.

**IV. SCHEDULE RATING MAXIMUM**

The schedule rating maximum debit/credit is +/-50% with the exception of credits applied for Leave of Absence, Military Leave of Absence, or Restricted Practice.

# **NEW DOCUMENT**

**Neuman, Gayle**

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**From:** Neuman, Gayle  
**Sent:** Tuesday, March 13, 2007 11:00 AM  
**To:** 'Jeff Strand'  
**Subject:** Doctors Direct - Rate/Rule Filing #DD R 22007

Mr. Strand,


We are in receipt of the above referenced filing submitted on February 27, 2007. Please address the following issues:

1. You are required to offer to all insureds whose premium exceeds \$500 a quarterly installment payment plan. The wording provided indicates "at its discretion" - this wording should be deleted, or changed to indicate it applies to a payment plan other than the quarterly installment plan required. Additionally, we require the filing specifically indicate:
  - a. An initial downpayment of no more than 40% of the estimated total premium due at policy inception;
  - b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at  
 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
  - c. No interest charges;
  - d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
  - e. A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments,  
 if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a  
 separate transaction.
  - f. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual  
 premiums are less than \$500, or for premium for any extension of a reporting period. However, if offered to either, the plan must be made  
 available to all within that group. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of  
 the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan,  
 but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment  
 plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially

3/13/2007

similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies

with this requirement.

2. On page 3 under VI. Rate Modifications, A. Part Time Physicians, it indicates the credit will not exceed 50%. Can the credit percentage vary per insured? Please explain.
3. On page 4 under VI. Rate Modifications, C. Physician's Leave of Absence, it indicates a premium credit up to 75%. Can the credit percentage vary per insured? Please explain.
4. On page 5 under VI. Rate Modifications, E. Physicians Restricted Practice, it indicates a premium credit up to 75%. Can the credit percentage vary per insured? Please explain.
5. On page 5 under VI. Rate Modifications, G. Risk Management, it indicates a premium credit of up to 10%. Can the credit percentage vary per insured? Please explain.
6. On page 7 under VII. Optional Coverages, C. Extended Reporting Period Endorsement, it should indicate the extended reporting period premium on a professional liability policy will be priced as a factor of (1) the last 12 months' premium, (2) the premium in effect at policy issuance, or (3) the expiring annual premium. The company must inform the insured of the extended reporting period premium at the time the last policy is purchased. An additional named insured has 30 days after their coverage terminates to purchase the extended reporting period when they cease to have a practice relationship with the named insured during the policy period. OK 
7. Pursuant to 50 Ill. Adm. Code 929, new insurers are required to file a statement indicating whether the company will report its medical liability statistics to a statistical agent (and if so, which one) or if the company has its own plan for the gathering of medical liability statistics. The Director, at any time, may request a copy of the company's statistical plan or request the company to provide written verification of membership and reporting status from the company's statistical agency. in-house
8. All rate/rule filings must be accompanied by a statement indicating that the company, in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate. OK

We request receipt of your response by March 23, 2007.

Gayle Neuman

Property & Casualty Compliance, Division of Insurance

Illinois Department of Financial & Professional Regulation

(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: [Gayle.Neuman@illinois.gov](mailto:Gayle.Neuman@illinois.gov)

3/13/2007

# **NEW DOCUMENT**



## Neuman, Gayle

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**From:** Jeff Strand [Jeff.Strand@ddiimail.com]  
**Sent:** Tuesday, March 13, 2007 4:31 PM  
**To:** Neuman, Gayle  
**Cc:** Scott Dutton  
**Subject:** RE: Doctors Direct - Rate/Rule Filing #DD R 22007

Thank you for the update on our filing. We will send you the amended language to our rate manual by the end of the week.

Jeff Strand, President

Doctors Direct Insurance Inc  
1100 Jorie Blvd  
Suite 355  
Oak Brook, IL 60523

Office 630-574-9800  
Mobile 312-401-2020  
Fax 630-574-9201

[www.DoctorsDirectInsurance.com](http://www.DoctorsDirectInsurance.com)

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**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Tuesday, March 13, 2007 11:00 AM  
**To:** Jeff Strand  
**Subject:** Doctors Direct - Rate/Rule Filing #DD R 22007

Mr. Strand,

We are in receipt of the above referenced filing submitted on February 27, 2007. Please address the following issues:

1. You are required to offer to all insureds whose premium exceeds \$500 a quarterly installment payment plan. The wording provided indicates "at its discretion" - this wording should be deleted, or changed to indicate it applies to a payment plan other than the quarterly installment plan required. Additionally, we require the filing specifically indicate:
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  - b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at  
30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
  - c. No interest charges;
  - d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;

3/14/2007

e. A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments,

if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a

separate transaction.

f. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. However, if offered to either, the plan must be made available to all within that group. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement.

2. On page 3 under VI. Rate Modifications, A. Part Time Physicians, it indicates the credit will not exceed 50%. Can the credit percentage vary per insured? Please explain.

3. On page 4 under VI. Rate Modifications, C. Physician's Leave of Absence, it indicates a premium credit up to 75%. Can the credit percentage vary per insured? Please explain.

4. On page 5 under VI. Rate Modifications, E. Physicians Restricted Practice, it indicates a premium credit up to 75%. Can the credit percentage vary per insured? Please explain.

5. On page 5 under VI. Rate Modifications, G. Risk Management, it indicates a premium credit of up to 10%. Can the credit percentage vary per insured? Please explain.

6. On page 7 under VII. Optional Coverages, C. Extended Reporting Period Endorsement, it should indicate the extended reporting period premium on a professional liability policy will be priced as a factor of (1) the last 12 months' premium, (2) the premium in effect at policy issuance, or (3) the expiring annual premium. The company must inform the insured of the extended reporting period premium at the time the last policy is purchased. An additional named insured has 30 days after their coverage terminates to purchase the extended reporting period when they cease to have a practice relationship with the named insured during the policy period.

7. Pursuant to 50 Ill. Adm. Code 929, new insurers are required to file a statement indicating whether the company will report its medical liability statistics to a statistical agent (and if so, which one) or if the company has its own plan for the gathering of medical liability statistics. The Director, at any time, may request a copy of the company's statistical plan or request the company to provide written verification of membership and reporting status from the company's statistical agency.

8. All rate/rule filings must be accompanied by a statement indicating that the company, in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate.

We request receipt of your response by March 23, 2007.

Gayle Neuman

Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation

(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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3/14/2007

MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO:  
[Gayle.Neuman@illinois.gov](mailto:Gayle.Neuman@illinois.gov)

# **NEW DOCUMENT**

## Neuman, Gayle

---

**From:** Neuman, Gayle  
**Sent:** Tuesday, March 13, 2007 11:50 AM  
**To:** 'jeff.strand@ddiimail.com'  
**Subject:** FW: Change in email address

Jeff,

Thank you for the updated information.

-----Original Message-----

**From:** Jeff Strand [mailto:jbstrand@drsdirectins.com]  
**Sent:** Tuesday, March 13, 2007 11:00 AM  
**To:** Neuman, Gayle  
**Subject:** Change in email address

Please update your address book. My email address has changed to:

jeff.strand@ddiimail.com

Jeff Strand, President  
Doctors Direct Insurance Inc  
630-574-9800 x 111  
312-401-2020 mobile

# **NEW DOCUMENT**

Doctors Direct Insurance, Inc.

---

1100 Jorie Blvd. • Suite 355 • Oak Brook, IL 60523

**DOCTORS DIRECT INSURANCE, INC.**

PHYSICIANS AND SURGEONS  
PROFESSIONAL LIABILITY INSURANCE

RATING MANUAL

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**



**SECTION ONE – GENERAL RULES**

**I. APPLICATION OF MANUAL**

This manual provides rules, rates, premiums, classifications and territories that will be used by Doctors Direct Insurance, Inc. ("the Company") in providing Professional Liability to Physicians and Surgeons.

**II. COVERAGE FORM**

All policies will be written on a claims made basis.

**III. POLICY TERM**

Policies will be written for a term of one year, and renewed annually thereafter. The policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year for a short term policy period.

**IV. PREMIUM COMPUTATION**

A. Premiums at policy inception will be computed using the rules, rates and rating plan in effect at that time.

B. When a policy is issued for other than an annual term, the premiums will be computed on a pro-rata basis.

**V. FACTORS OR MULTIPLIERS**

A. Unless otherwise indicated, factors or multipliers are to be applied consecutively and not added together.

B. Rate Modifications listed as % credits are applied multiplicatively as follows:  $\text{rate} \times (1 - \text{credit } \%)$  or  $\text{rate} \times (1 + \text{debit } \%)$ .

**VI. POLICY WRITING MINIMUM PREMIUM**

The minimum annual premium shall be \$250 unless otherwise specified.

**VII. WHOLE DOLLAR RULE**

The final premium for each physician or surgeon will be rounded to the nearest whole dollar as follows:

A. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.

B. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

**VIII. ADDITIONAL PREMIUM CHARGES**

A. All changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.

B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations. After computing the additional premium, charge the amount applicable from the effective date of the change.

C. Additional premiums of \$25 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.



**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**



**IX. RETURN PREMIUMS**

- A. Return premiums are computed using rates and rules in effect at policy inception.
- B. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any exposure is deleted, or an amount of insurance is reduced.
- C. Retain the Policy Writing Minimum Premium.
- D. Return premiums of \$25 or less may be waived. However, the premium will be returned if requested in writing by the insured.

**X. POLICY CANCELLATIONS**

- A. Return premiums for cancellations initiated by the Company will be computed on a pro-rata basis, rounded to the next higher whole dollar.
- B. Return premiums for cancellations initiated by the Insured will be computed on a 90% of pro rata basis, rounded to the next higher whole dollar.

**XI. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer the insured various premium payment options.

**SECTION TWO – RATING RULES**

**I. SPECIALTY CLASSIFICATIONS**

- A. Each physician is assigned a classification code according to their specialty. The specialty classifications and their associated rating factors are shown on the State Rate Page.
- B. For the purpose of determining each physician's specialty designation:
  - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
  - 2. The terms "minor surgery" and "major surgery" may apply to general practitioners and specialists.
- C. The Company will assign specialty class based on the practice profile and procedures noted in the physician's application.
- D. If a physician's specialty is not listed on the State Rate Page, assign the physician to the classification that applies to the most similar specialty listed.

**II. TERRITORIES**

- A. Territory assignments are based on each individual insured's practice as insured by the Company. Portions of the practice that are not insured by the Company are not considered.
- B. If an insured practices in two or more territories, the company may blend the rates of the applicable territories.
- C. The territory definitions and associated rating factors are shown on the State Rate Page.

**III. LIMITS OF LIABILITY**

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**



- A. Basic Limits of Liability for Professional Liability Claims Made coverage under this program shall be \$1,000,000 Per Claim/\$3,000,000 Annual Aggregate.
- B. Alternate limits of liability are available. The limit options and associated rating factors are shown in the table below:

Limit of Liability		Limit Factor
Per Claim	Annual Aggregate	
\$250,000	\$750,000	0.640
\$500,000	\$1,500,000	0.780
\$1,000,000	\$1,000,000	0.970
\$1,000,000	\$3,000,000	1.000

- C. For limits greater than \$1,000,000 Per Claim / \$3,000,000 Annual Aggregate, refer to company.

**IV. PRIOR ACTS COVERAGE**

- A. The claims made coverage retroactive date is the initial effective date of continuous coverage by the Company, unless the Company and the insured agree that the retroactive date should precede the initial policy effective date.
- B. Once established, the retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgment.
- C. When prior acts coverage is requested, the claims made year applicable is determined based on the retroactive date and the policy effective date as follows:
1. Determine the number of years between the retroactive date and the policy effective date. This figure is the number of years of prior exposure. Any fractional year difference between the retroactive date and the effective date is calculated on a daily pro-rata basis.
  2. The claims made year is the years of prior exposure plus 1.
  3. For fractional claims made years, the applicable claims made step factor is calculated using straight line interpolation between factors for surrounding claims made years.
- D. The following claims made step factors are applied to the premium.

Claims Made Year	Step Factor
1	0.300
2	0.550
3	0.775
4	0.925
5+	1.000

**V. BASE RATE**

The base rate is shown in the State Rate Page.

**VI. RATE MODIFICATIONS**

**A. Part Time Physicians**

1. Any insured who the company determines is working as a part time practitioner may be eligible for a reduction in the otherwise applicable rate for that specialty. The credit for a part time practitioner will not exceed 50%.
2. The part time credit is not applied to the Extended Reporting Period Coverage rating unless the

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**



part time practice did not exceed a specified number of hours/year over the previous five consecutive policy years with the Company or if the insured was part time for the entire retroactive period. The average number of hours in practice per week during the previous five policy years will determine the applicable credit.

3. No other credits are to apply concurrent with this rule except risk management and membership association credits.

**B. New Physician**

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
  - a. Residency;
  - b. Fellowship program in their medical specialty;
  - c. Fulfillment of a military obligation in remuneration for medical school tuition;
  - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown in the table below:

Year of Practice	Credit
1 <sup>st</sup>	50%
2 <sup>nd</sup>	30%
3 <sup>rd</sup>	15%
4 <sup>th</sup>	0%

**C. Physician's Leave of Absence**

1. A physician who becomes disabled, or is on leave of absence for a continuous period of 45 to 180 days, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and rate reduction.
5. A premium credit up to 75% may apply during the period of disability or leave of absence.

**D. Physicians Military Leave of Absence**

1. A physician, who is on military leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at no premium charge during the leave of absence period. This will apply retroactively to the first day of the leave of absence. Only one application of this credit may be applied to an annual policy period.
2. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and premium waiver.

**E. Physicians Restricted Practice**

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**



1. Any insured who the company determines has substantially reduced or limited their practice activities may be eligible for a reduction in the otherwise applicable rate for their specialty.
2. A premium credit of up to 75% may apply during this period of restricted practice.
3. A written request must be received by the Company detailing the reduction or limitation of the physician's practice activities.

**F. Schedule Rating**

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a policy may be modified in accordance with a maximum credit or debit modification indicated on the State Rate Page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the following specific considerations.

Characteristics	Max Credit	Max Debit
Cumulative Years of Patient Experience	15%	15%
Classification Anomalies	15%	15%
Claim Anomalies	15%	15%
Control Procedures	15%	15%
Number / Type of Patient Exposures	15%	15%
Organizational Size / Structure	15%	15%
Medical Standards, Quality & Claim Review	15%	15%
Other Risk Management Practices and Procedures	15%	15%
Training, Accreditation & Credentialing	15%	15%
Record – Keeping Practices	15%	15%
Utilization of Monitoring Equipment, Diagnostic Tests or Procedures	15%	15%

**G. Risk Management**

The insured may receive a premium credit of up to 10% for up to 3 years, in recognition of completion of a Risk Management course approved by the Company.

**H. Membership Credit**

1. A 5% premium credit may be given to those insureds who are members of a qualified association.
2. Qualified associations are subject to Company approval.

**I. Claim Free Credits**

1. If no claim has been attributed to an insured, the insured will be eligible for a premium credit according to the following table.

Years Claim Free at Renewal	Credit
less than 3	0%
3 to 4	5%
5 to 7	10%
8 to 9	15%
10 or more	20%

2. A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper

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inclusion, or non-meritorious or frivolous claims.

3. Insureds converting coverage to the Company, who were claim free while insured by another carrier, shall qualify for credit at the policy inception date in accordance with the Company guidelines.
4. Years the insured was working part time will not be considered in the determination of years claim free.

**J. Deductibles**

1. Credits shall be available, subject to underwriting guidelines.
2. The deductibles shall apply to the indemnity portion of each loss unless otherwise modified by statute.
3. Deductibles can only be revised at policy renewal.
4. The following deductible credits shall apply to the primary limits premium, net of other applicable credits.

Per Claim Deductible	Premium Credit
\$5,000	1.5%
\$10,000	3.0%
\$15,000	5.0%
\$20,000	6.5%
\$25,000	7.5%
\$30,000	9.0%
\$50,000	12.0%
\$75,000	15.0%
\$100,000	20.0%
\$200,000	30.0%
\$250,000	35.0%
\$300,000	40.0%
\$500,000	45.0%

**K. Large Group Rating**

1. A Group comprised of 10 members or more may be collectively rated.
2. Group is defined as any collective decision making group / body of insureds who may be owners of, employed by or under contract with a specific and distinct corporation, partnership or association.
3. The premium for a Group will be determined by multiplying the group's manual premium by any credits or debits assigned to the Group under the Schedule Rating Plan, Deductible Credit Rule, or Self Insured Retention Credit Rule. The group's manual premium will equal the sum of the individual manual premium for each scheduled insured covered under the policy. The individual manual premium will equal the filed rate for the scheduled insured minus any applicable Part Time, Risk Management, or Leave of Absence credits. However, once the premium for the Group has been established, the Company may allocate that premium among the scheduled insureds based upon applicable underwriting criteria.

**L. Aggregate Credit Rule**

1. The application of all approved credits contained in this rating manual shall not exceed 50% for any one insured.

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2. This rule does not apply to Part Time Practice, Leave of Absence or Deductible Credits.

**VII. OPTIONAL COVERAGES**

**A. Locum Tenens Physician**

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.
2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Coverage shall extend for a maximum of 30 days during any one policy period beginning with the first assignment, regardless of the number of substitutes.

**B. Corporation/Partnership/Professional Association Charge**

1. If coverage is provided on a separate limit of liability basis, the premium is computed, per Corporation/Partnership/Professional Association, as up to 10% of the total developed professional liability premium for each practitioner and ancillary person charged a rate. The premium will be subject to a maximum of 100% of the highest rated physician within the group.
2. If a solo-practitioner desires coverage for the corporation/partnership/professional association, coverage can be provided for no additional premium charge, in which case the practitioner and the corporation/partnership/association share in the limit of liability.

**C. Extended Reporting Period Endorsement**

1. A named insured who is a person, and any additional named insured(s), may purchase an extension of coverage of at least twelve (12) months called an extended reporting period endorsement, if the named insured and additional named insured(s) have complied with all terms and conditions of this policy, and:
  - a. this policy is cancelled or non-renewed for any reason; or
  - b. during the policy period any additional named insured(s) ceases to have a practice relationship with the named insured listed in item 1. of the Declarations Page.
2. The named insured or additional named insured(s) must purchase any extended reporting period endorsement by requesting the extended reporting period endorsement in writing and paying the premium within thirty (30) days after the end of the policy period or, if earlier, when an additional named insured(s) ceases to have a practice relationship with the named insured during the policy period.
3. The premium for an extended reporting period endorsement will be calculated as follows:
  - a. 100% of the actual premium on the effective date of this policy as listed on the Declarations page(s) for a 12-month extended reporting period;
  - b. 160% of the actual premium on the effective date of this policy as listed on the Declarations page(s) for a 24-month extended reporting period; or
  - c. 190% of the actual premium on the effective date of this policy as listed on the Declarations page(s) for a 36-month extended reporting period.
  - d. 210% of the actual premium on the effective date of this policy as listed on the Declarations page(s) for an unlimited extended reporting period.

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The premium for the extended reporting period endorsement is fully earned; and

Full and timely payment of the premium are conditions precedent to the Company's obligation to provide an extended reporting period endorsement.

4. The Extended Reporting Period Endorsement:

- a. does not extend the policy period;
- b. does not extend the scope of coverage provided under this policy and applies only to otherwise covered claims or incident(s) which result from rendering or failure to render professional services on or after the retroactive date and before the end of the policy period, of which written notice is received by the Company during the extended reporting period.
- c. cannot be canceled.

5. Limits of Liability

The extended reporting period has no separate limit of liability, and does not increase the limits of liability.

6. An extended reporting period endorsement will be provided and the premium charge will be waived by the Company if, during the policy period:

- a. any named insured or additional named insured(s) dies;
- b. named insured or additional named insured(s) completely and permanently retires from the clinical practice of medicine, as determined by the Company, and has been continuously insured with the Company, under a claims made policy for the last five (5) years before retirement and is at least 55 years of age.
- c. any named insured or additional named insured(s) becomes disabled.

The insured or his or her representative must notify the Company of any such death, disability or retirement within thirty (30) days of such event, and provide certification of death, disability or retirement, and such other proof as the Company may request.

If any named insured or additional named insured(s) returns to active clinical practice of medicine, as determined by the Company, after receiving an extended reporting period endorsement for which the Company waived the premium due to disability or retirement, the Company reserves the right, in its sole discretion, to rescind the premium waiver and to collect any premium due.

**ILLINOIS STATE RATE PAGE  
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**I. PHYSICIAN CLASSIFICATION PLAN**

**A. Specialty Class Assignments**

Class	Specialty
1	Allergy, Public Health, Administrative Medicine, Aerospace Medicine, Physical Medicine/Rehabilitation
2	Dermatology - No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Occupational Medicine, Ophthalmology - No Surgery, Otorhinolaryngology - No Surgery
3	Geriatrics - No Surgery, Pathology, Psychiatry (Excl. Shock Therapy), Rheumatology
4	Dermatology - Minor Surgery, Family/General Practice - No Surgery, Endocrinology - No Surgery, Hematology/Oncology - No Surgery, Industrial Medicine, Ophthalmology - Minor Surgery, Psychiatry (Incl. Shock Therapy), Pediatrics - No Surgery, Nuclear Medicine
5	Dermatology - Surgery, Diabetes, Urology - No Surgery
6	Cardiovascular - No Surgery, Hematology/Oncology - Minor Surgery, Infectious Disease - No Surgery, Gynecology - No Surgery, Hospitalist, Nephrology - No Surgery, Ophthalmology - Surgery
7	Anesthesiology, Pain Management, , Diagnostic Radiology - No Surgery, Internal Medicine - No Surgery,
8	Geriatrics - Minor Surgery, Gastroenterology, Infectious Disease - Minor Surgery, Endocrinology - Minor Surgery, Nephrology - Minor Surgery, , Otorhinolaryngology - Minor Surgery, Pulmonary Diseases, Radiation Oncology, Radiation Therapy, Urology - Minor Surgery
9	Family/General Practice - Minor Surgery, Internal Medicine - Minor Surgery, Urgent Care, Neurology - No Surgery, Podiatry Surgery, Diagnostic Radiology - Minor Surgery, Pediatrics - Minor Surgery,
10	Urology - Surgery
11	Cardiovascular - Minor Surgery (Left Heart Catheterization), Cardiovascular - Minor Surgery (Right Heart Catheterization), Gynecology - Minor Surgery, Intensive Care Medicine, Neurology - Minor Surgery, Otorhinolaryngology - Surgery (Excl. Plastic), Diagnostic Radiology- Surgery
12	Colon & Rectal Surgery, Family/General Practice - Major Surgery, Gynecological Surgery, ,
13	Head & Neck Surgery, Emergency Medicine - Minor Surgery,
14	Emergency Medicine - Major Surgery,
15	General Surgery, Hand Surgery, Abdominal Surgery, Pediatric Surgery,
16	Orthopedic Surgery - Excl. Spine, Plastic Surgery, Otorhinolaryngology - Surgery (Incl. Plastic),
17	Neonatology
18	Cardiac Surgery, Vascular Surgery, Traumatic Surgery, Thoracic Surgery
19	Obstetrics - Surgery, OB/GYN - Surgery, Orthopedic Surgery - Incl. Spine,
20	Neurosurgery



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**B. Class Factors**

Class	Factor	Class	Factor
1	0.550	11	1.850
2	0.667	12	2.150
3	0.800	13	2.400
4	1.000	14	2.700
5	1.050	15	3.000
6	1.167	16	3.300
7	1.250	17	3.600
8	1.400	18	4.000
9	1.550	19	4.400
10	1.650	20	6.500

**II. TERRITORY FACTORS**

Territory	Factor	Counties
1	1.000	Cook, Jackson, Madison, St. Clair, Will
2	0.900	Lake, Vermilion
3	0.850	Kane, McHenry, Winnebago
4	0.750	DuPage, Kankakee, Macon
5	0.700	Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph
6	0.600	Grundy, Sangamon
7	0.475	Peoria
8	0.525	Remainder of State

**III. BASE RATE**

The mature claims made rate for the base territory (i.e. territory 1), base classification (i.e. class 4) and the basic limit of liability (i.e. \$1,000,000/\$3,000,000) is \$30,000.

**IV. SCHEDULE RATING MAXIMUM**

The schedule rating maximum debit/credit is +/-50% with the exception of credits applied for Leave of Absence, Military Leave of Absence, or Restricted Practice.

# **NEW DOCUMENT**

**Doctors Direct Insurance, Inc.**  
Physicians & Surgeons Professional Liability  
Competitor Rate Comparison - Illinois

Development of Indicated Base Class Physician Rate Effective 3/1/2007

	Illinois State Medical Ins Serv	Medical Protective	ProNational Insurance Company	American Physicians Assurance Corporation	Professional Liability Ins. Co. of America	Doctors Direct Insurance
(1) Cook County Mature Claims-Made Family Practice (No Surgery) Manual Rate at \$1,000,000/\$3,000,000 Limits	\$32,288	\$30,572	\$42,688	\$43,575	\$41,000	
(2) Average Premium Credit/Debit (Exhibit 7)	26.9%	20.0%	7.8%	11.2%	13.7%	18.6%
(3) Cook County Mature Claims-Made Family Practice (No Surgery) Collected Rate at \$1,000,000/\$3,000,000 Limits = (1) x [1- (2)]	\$23,603	\$24,458	\$39,358	\$38,716	\$35,404	
(4) Permissible Loss & ALAE Ratio (Exhibit 4)	81.2%	70.8%	70.0%	73.1%	70.0%	
(5) Cook County Mature Claims-Made Family Practice (No Surgery) Loss Cost at \$1,000,000/\$3,000,000 Limits = (3) x (4)	\$19,165	\$17,316	\$27,551	\$28,302	\$24,782	
(6) Effective Date of Competitor Rates	7/1/2006	1/1/2007	1/1/2005	4/1/2005	6/1/2004	
(7) 6.0% Annual Trend Factor to 3/1/2007	1.040	1.009	1.134	1.118	1.174	
(8) Cook County Mature Claims-Made Trended Family Practice (No Surgery) Loss Cost at \$1,000,000/\$3,000,000 Limits = (5) x (7)	\$19,932	\$17,472	\$31,243	\$31,641	\$29,095	
(9) Class Plan Relativity to Doctors Direct (Exhibit 2B)	0.936	1.025	0.987	1.014	1.117	
(10) Territory Relativity to Doctors Direct (Exhibit 3B)	1.004	0.997	1.017	0.978	1.017	
(11) Cook County Mature Claims-Made Indicated Family Practice (No Surgery) Loss Cost at \$1,000,000/\$3,000,000 Limits = (8) x (9) x (10)	\$18,731	\$17,855	\$31,361	\$31,378	\$33,051	
(12) Doctors Direct Permissible Loss & ALAE Ratio (Exhibit 4)	77.0%	77.0%	77.0%	77.0%	77.0%	
(13) Cook County Mature Claims-Made Indicated Family Practice (No Surgery) Rate at \$1,000,000/\$3,000,000 Limits = (11) / (12)	\$24,326	\$23,188	\$40,728	\$40,751	\$42,924	
(14) Cook County Mature Claims-Made Average Indicated Family Practice (No Surgery) Collected Rate at \$1,000,000/\$3,000,000 Limits						\$34,383
(15) Cook County Mature Claims-Made Selected Family Practice (No Surgery) Collected Rate at \$1,000,000/\$3,000,000 Limits						\$24,420
(16) Cook County Mature Claims-Made Selected Family Practice (No Surgery) Manual Rate at \$1,000,000/\$3,000,000 Limits = (15) / [1 - (2)]						\$30,000
(17) Statewide Average Rate Differential Between Doctors Direct Insurance and Competitor = (15) / [(3) x (9) x (10)]	10.1%	-2.3%	-38.2%	-36.4%	-39.3%	

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Physicians & Surgeons Professional Liability  
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Comparison of Competitor Class Plans

(1) Physician Specialty	(2) Exposure Distribution	(3) Doctors Direct Classification	(4) ISMILE Class Relativity	(5) MedPro Class Relativity	(6) ProNatl Class Relativity	(7) APAC Class Relativity	(8) PLICA Class Relativity	(9) Competitor Average Class Relativity	(10) Selected Class Code Relativity
Allergy & Immunology	0.58%	Allergy	0.498	0.638	0.546	0.574	0.750	0.601	1 0.550
Anesthesiology	5.72%	Anesthesiology Pain Management	1.279 1.279	1.191 1.191	1.174 2.639	1.117 1.117	1.500 1.500	1.252 1.545	7 1.250 7 1.250
Cardiovascular Disease	2.99%	Cardiovascular - No Surgery Cardiovascular - Minor Surgery (Right Heart Catheterization) Cardiovascular - Minor Surgery (Left Heart Catheterization)	1.167 1.446 1.836	1.191 1.660 2.124	1.000 1.898 1.898	0.871 1.814 1.814	1.250 1.500 2.000	1.096 1.664 1.934	6 1.167 11 1.850 11 1.850
Colon & Rectal Surgery	0.16%	Colon & Rectal Surgery	1.836	2.350	1.792	2.470	2.500	2.190	12 2.150
Dermatology	1.26%	Dermatology - No Surgery Dermatology - Minor Surgery Dermatology - Surgery	0.666 0.666 0.666	0.638 0.851 0.851	0.546 1.174 1.792	0.580 1.046 1.767	0.750 2.000 2.000	0.636 1.147 1.415	2 0.667 4 1.000 5 1.050
Emergency Medicine	4.22%	Emergency Medicine - Minor Surgery Emergency Medicine - Major Surgery Intensive Care Medicine Urgent Care	1.836 2.059 1.836 1.836	2.575 2.801 2.124 1.191	2.361 2.361 1.898 1.521	2.572 2.926 1.251 0.906	2.500 4.000 2.000 2.000	2.369 2.829 1.822 1.491	13 2.400 14 2.700 11 1.850 9 1.550
Family Practice/General Practice	12.01%	Family/General Practice - No Surgery Family/General Practice - Minor Surgery Family/General Practice - Major Surgery Geriatrics - No Surgery Geriatrics - Minor Surgery General Preventive Medicine	1.000 1.557 2.059 0.666 1.557 1.000	1.000 1.764 2.350 0.851 1.404 0.638	1.000 1.521 3.063 1.000 1.521 0.546	1.000 1.506 2.175 0.846 1.251 0.527	1.000 2.000 3.750 1.000 1.500 1.000	1.000 1.670 2.679 0.873 1.447 0.742	4 1.000 9 1.550 12 2.150 3 0.800 8 1.400 2 0.667
Gastroenterology	1.51%	Gastroenterology	1.446	1.526	1.130	1.356	1.375	1.367	8 1.400

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Comparison of Competitor Class Plans

(1) Physician Specialty	(2) Doctors Direct Classification	(3) ISMIE Class Relativity	(4) MedPro Class Relativity	(5) ProNatl Class Relativity	(6) APAC Class Relativity	(7) PLICA Class Relativity	(8) Competitor Average Relativity	(9) Selected Class Code	(10) Selected Class Relativity
General Surgery	4.82% General Surgery Head & Neck Surgery Abdominal Surgery Hand Surgery Podiatry Surgery Pediatric Surgery Cardiac Surgery Traumatic Surgery Vascular Surgery	3.063	4.157	3.066	1.969	4.000	3.251	15	3.000
		2.059	2.575	3.066	3.143	4.000	2.969	13	2.400
		3.063	4.157	4.861	3.124	4.000	3.841	15	3.000
		2.059	2.575	3.066	2.551	3.250	2.700	15	3.000
		1.279	4.157	0.759	1.969	4.000	2.433	9	1.550
		3.063	4.157	3.066	3.124	4.000	3.482	15	3.000
		4.066	3.524	3.761	4.492	4.000	3.969	18	4.000
		3.063	4.789	3.761	4.108	3.250	3.794	18	4.000
		4.066	3.524	3.761	4.325	4.000	3.935	18	4.000
Internal Medicine	23.23% Endocrinology - No Surgery Endocrinology - Minor Surgery Rheumatology Hematology/Oncology - No Surgery Hematology/Oncology - Minor Surgery Infectious Disease - No Surgery Infectious Disease - Minor Surgery Nephrology - No Surgery Nephrology - Minor Surgery Internal Medicine - No Surgery Internal Medicine - Minor Surgery Diabetes Hospitalist	0.666	0.851	1.174	0.846	1.000	0.907	4	1.000
		0.666	1.191	1.521	1.251	1.500	1.226	8	1.400
		0.666	1.000	0.759	0.846	1.000	0.854	3	0.800
		1.000	1.191	1.000	0.949	1.250	1.078	4	1.000
		1.000	1.660	1.521	1.251	1.500	1.386	6	1.167
		1.167	1.404	1.174	1.587	1.250	1.317	6	1.167
		1.167	1.660	1.521	2.502	1.500	1.670	8	1.400
		1.167	1.000	1.000	0.847	1.000	1.003	6	1.167
		1.279	1.404	1.521	1.252	1.500	1.391	8	1.400
		1.056	1.089	1.174	1.512	1.000	1.166	7	1.250
		1.446	1.872	1.521	1.969	1.500	1.662	9	1.550
		1.000	1.191	1.174	0.973	1.125	1.093	5	1.050
		1.056	1.089	1.898	1.251	1.000	1.259	6	1.167
		1.446	1.404	1.000	1.204	1.500	1.311	6	1.167
		1.669	2.124	1.792	1.429	1.500	1.703	8	1.400
Neurology	1.90% Neurology - No Surgery Neurology - Minor Surgery	5.850	6.868	6.386	6.919	6.000	6.405	20	6.500
Neurological Surgery	0.72% Neurosurgery								
Obstetrics & Gynecology	5.86% Gynecology - No Surgery Gynecology - Minor Surgery Gynecological Surgery Obstetrics - Surgery OB/GYN - Surgery	1.056	0.851	1.000	0.746	1.000	0.930	6	1.167
		1.836	1.404	1.792	1.195	2.500	1.746	11	1.850
		2.059	2.575	2.361	2.406	3.250	2.530	12	2.150
		4.289	4.157	4.379	4.329	5.000	4.431	19	4.400
		4.289	4.157	4.379	4.329	5.000	4.431	19	4.400
Occupational Medicine	0.38% Occupational Medicine Industrial Medicine	0.498	0.638	1.000	0.668	0.750	0.711	2	0.667
		1.000	0.638	1.000	0.668	0.750	0.811	4	1.000

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Comparison of Competitor Class Plans

Physician Specialty	(1) Exposure Distribution	(2) Doctors Direct Classification	(3) ISMILE Class Relativity	(4) MedPro Class Relativity	(5) ProNatl Class Relativity	(6) APAC Class Relativity	(7) PLICA Class Relativity	(8) Competitor Average Relativity	(9) Selected Class Code	(10) Selected Class Relativity
Ophthalmology	2.32%	Ophthalmology - No Surgery Ophthalmology - Minor Surgery Ophthalmology - Surgery	0.666 1.000 1.000	0.638 1.000 1.089	0.546 1.000 1.174	0.706 0.767 1.675	0.750 1.250 2.000	0.661 1.003 1.388	2 4 6	0.667 1.000 1.167
Orthopedic Surgery	2.85%	Orthopedic Surgery - Excl. Spine Orthopedic Surgery - Incl. Spine	3.509 4.624	2.575 3.705	3.066 4.379	3.310 4.757	5.000 5.000	3.492 4.493	16 19	3.300 4.400
Otolaryngology	1.13%	Otorhinolaryngology - No Surgery Otorhinolaryngology - Minor Surgery Otorhinolaryngology - Surgery (Excl. Plastic) Otorhinolaryngology - Surgery (Incl. Plastic)	0.498 1.446 1.836 2.617	0.851 1.404 1.404 2.124	0.546 1.521 1.898 3.066	0.560 1.166 1.715 2.684	1.250 1.500 2.500 3.250	0.741 1.407 1.871 2.748	2 8 11 16	0.667 1.400 1.850 3.300
Psychiatry	5.59%	Psychiatry (Excl. Shock Therapy) Psychiatry (Incl. Shock Therapy)	0.666 0.666	0.851 1.404	0.546 1.000	1.363 0.521	0.750 1.000	0.835 0.918	3 4	0.800 1.000
Pediatrics	9.75%	Pediatrics - No Surgery Pediatrics - Minor Surgery Neonatology	0.777 1.446 3.174	1.000 1.404 1.404	0.759 1.521 1.521	0.961 1.430 2.045	1.000 1.500 1.500	0.899 1.460 1.929	4 9 17	1.000 1.550 3.600
Public Health	0.11%	Public Health Administrative Medicine Aerospace Medicine	0.498 0.498 0.498	0.638 0.638 0.638	0.546 0.546 0.546	0.561 0.802 0.802	0.750 0.750 0.750	0.599 0.647 0.647	1 1 1	0.550 0.550 0.550
Physical Medicine & Rehabilitation	1.16%	Physical Medicine/Rehabilitation	0.498	0.638	0.546	0.577	0.750	0.602	1	0.550
Plastic Surgery	0.75%	Plastic Surgery	3.174	2.643	3.066	2.835	4.000	3.144	16	3.300
Anatomic/Clinical Pathology	2.92%	Pathology Forensic/Legal Medicine	0.666 0.498	0.989 0.638	0.759 0.546	0.828 0.561	1.125 0.875	0.873 0.624	3 2	0.800 0.667
Pulmonary Disease	1.21%	Pulmonary Diseases	1.279	1.660	1.290	1.145	1.250	1.325	8	1.400
Radiology	4.96%	Diagnostic Radiology - No Surgery Diagnostic Radiology - Minor Surgery Diagnostic Radiology- Surgery Radiation Oncology Radiation Therapy Nuclear Medicine	1.279 1.446 1.836 1.000 1.000 1.000	1.404 1.872 1.872 1.404 1.404 0.638	1.290 1.521 1.521 1.521 1.521 1.521	1.269 1.931 1.931 1.434 1.434 0.846	1.500 2.000 2.000 1.500 1.500 1.000	1.348 1.754 1.832 1.372 1.372 1.001	7 9 11 8 8 4	1.250 1.550 1.850 1.400 1.400 1.000
Thoracic Surgery	0.61%	Thoracic Surgery	4.066	3.524	4.379	4.471	4.000	4.088	18	4.000

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(1) Physician Specialty	(2) Exposure Distribution	(3) ISMIE Class Relativity	(4) MedPro Class Relativity	(5) ProNatl Class Relativity	(6) APAC Class Relativity	(7) PLICA Class Relativity	(8) Competitor Average Relativity	(9) Selected Class Code	(10) Selected Class Relativity
Urology	1.28%								
		1.446	2.124	1.000	2.001	2.000	1.714	5	1.050
	Urology - No Surgery	1.446	2.124	1.174	2.001	2.000	1.749	8	1.400
	Urology - Minor Surgery	1.669	2.124	1.521	2.001	2.000	1.863	10	1.650
	Urology - Surgery								

Note(s):

Exposure distribution based on statewide distribution of physicians from the 2007 American Medical Association Physician Characteristics and Distribution in the U.S. publication.

**Doctors Direct Insurance, Inc.**  
Physicians & Surgeons Professional Liability  
Competitor Rate Comparison - Illinois

Derivation of Class Plan Relativity Factor

DocDir Physician Class	(1) Exposure Distribution	(2) ISMIE Average Relativity	(3) MedPro Average Relativity	(4) ProNatl Average Relativity	(5) APAC Average Relativity	(6) PLICA Average Relativity	(7) DocDir Selected Relativity
1	1.85%	0.498	0.638	0.546	0.580	0.750	0.550
2	4.06%	0.642	0.683	0.567	0.630	0.873	0.667
3	7.75%	0.666	0.915	0.645	1.120	0.911	0.800
4	19.77%	0.886	1.029	0.927	0.937	1.026	1.000
5	1.17%	1.322	1.912	1.114	1.925	1.962	1.050
6	6.38%	1.202	1.241	1.063	1.075	1.307	1.167
7	21.57%	1.139	1.151	1.381	1.381	1.187	1.250
8	5.79%	1.259	1.572	1.384	1.393	1.429	1.400
9	8.66%	1.465	1.729	1.521	1.745	1.607	1.550
10	0.16%	1.669	2.124	1.521	2.001	2.000	1.650
11	1.31%	1.725	1.822	1.779	1.805	1.923	1.850
12	1.70%	2.038	2.360	2.910	2.214	3.609	2.150
13	2.14%	1.839	2.575	2.371	2.581	2.522	2.400
14	2.11%	2.059	2.801	2.361	2.926	4.000	2.700
15	4.43%	3.020	4.090	3.072	2.023	3.968	3.000
16	2.27%	3.361	2.579	3.066	3.126	4.595	3.300
17	0.53%	3.174	1.404	1.521	2.045	1.500	3.600
18	0.97%	4.035	3.564	4.149	4.412	3.977	4.000
19	6.66%	4.361	4.060	4.379	4.421	5.000	4.400
20	0.72%	5.850	6.868	6.386	6.919	6.000	6.500
Total/Average	100.00%	1.541	1.688	1.624	1.669	1.838	1.646
Relativity to DDir		0.936	1.025	0.987	1.014	1.117	1.000

Note(s):

Exposure distribution based on statewide distribution of physicians from the 2007 American Medical Association Physician Characteristics and Distribution in the U.S. publication.

Exposures are distributed based on Doctors Direct selected class code assignments from Exhibit 2A.



**Doctors Direct Insurance, Inc.**  
Physicians & Surgeons Professional Liability  
Competitor Rate Comparison - Illinois

### Comparison of Territory Relativities by County

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Exposure Distribution	ISMIE Territory Relativity	MedPro Territory Relativity	ProNatl Territory Relativity	APAC Territory Relativity	PLICA Territory Relativity	Competitor Average Relativity	DocDir Selected Relativity
Adams	0.44%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Alexander	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Bond	0.04%	0.526	0.500	0.710	0.500	0.600	0.567	0.525
Boone	0.18%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Brown	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Bureau	0.12%	0.716	0.700	0.575	0.660	0.600	0.650	0.700
Calhoun	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Carroll	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Cass	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Champaign	1.73%	0.716	0.700	0.855	0.610	0.800	0.736	0.700
Christian	0.07%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Clark	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Clay	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Clinton	0.08%	0.526	0.500	0.710	0.500	0.600	0.567	0.525
Coles	0.23%	0.716	0.700	0.575	0.660	0.600	0.650	0.700
Cook	55.67%	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Crawford	0.04%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Cumberland	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
De Witt	0.26%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
DeKalb	0.04%	0.716	0.700	0.710	0.660	0.600	0.677	0.700
Douglas	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
DuPage	11.13%	0.763	0.750	0.855	0.770	0.850	0.798	0.750
Edgar	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Edwards	0.00%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Effingham	0.21%	0.716	0.700	0.710	0.500	0.600	0.645	0.700
Fayette	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Ford	0.04%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Franklin	0.07%	0.526	0.500	0.710	0.500	0.600	0.567	0.525
Fulton	0.08%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Gallatin	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Greene	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Grundy	0.14%	0.621	0.600	0.575	0.500	0.600	0.579	0.600
Hamilton	0.01%	0.526	0.500	0.710	0.500	0.600	0.567	0.525
Hancock	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Hardin	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Henderson	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Henry	0.10%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Iroquois	0.08%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Jackson	0.52%	1.000	1.000	0.855	0.820	0.800	0.895	1.000
Jasper	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Jefferson	0.24%	0.526	0.500	0.710	0.500	0.600	0.567	0.525
Jersey	0.04%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Jo Daviess	0.04%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Johnson	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Kane	1.89%	0.858	0.850	0.855	0.770	0.850	0.837	0.850
Kankakee	0.49%	0.763	0.750	0.710	0.660	0.600	0.697	0.750
Kendall	0.11%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Knox	0.28%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
La Salle	0.34%	0.716	0.700	0.575	0.660	0.600	0.650	0.700
Lake	6.48%	0.905	0.900	0.855	0.770	0.850	0.856	0.900
Lawrence	0.04%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Lee	0.14%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Livingston	0.07%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Logan	0.06%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Macon	0.72%	0.763	0.750	0.710	0.610	0.800	0.727	0.750
Macoupin	0.08%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Madison	0.88%	1.000	1.000	1.000	1.000	1.000	1.000	1.000

**Doctors Direct Insurance, Inc.**  
Physicians & Surgeons Professional Liability  
Competitor Rate Comparison - Illinois

Comparison of Territory Relativities by County

	(1) Exposure Distribution	(2) ISMIE Territory Relativity	(3) MedPro Territory Relativity	(4) ProNatl Territory Relativity	(5) APAC Territory Relativity	(6) PLICA Territory Relativity	(7) Competitor Average Relativity	(8) DocDir Selected Relativity
Marion	0.18%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Marshall	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Mason	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Massac	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
McDonough	0.14%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
McHenry	1.07%	0.858	0.850	0.855	0.770	0.850	0.837	0.850
McLean	0.92%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Menard	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Mercer	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Monroe	0.06%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Montgomery	0.06%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Morgan	0.15%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Moultrie	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Ogle	0.10%	0.716	0.700	0.575	0.660	0.600	0.650	0.700
Other	0.00%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
<b>Peoria</b>	<b>2.47%</b>	<b>0.479</b>	<b>0.450</b>	<b>0.575</b>	<b>0.500</b>	<b>0.600</b>	<b>0.521</b>	<b>0.475</b>
Perry	0.06%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Piatt	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Pike	0.04%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Pope	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Pulaski	0.00%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Putnam	0.00%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Randolph	0.10%	0.716	0.700	0.710	0.660	0.600	0.677	0.700
Richland	0.10%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Rock Island	0.81%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Saline	0.09%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
<b>Sangamon</b>	<b>2.68%</b>	<b>0.621</b>	<b>0.600</b>	<b>0.855</b>	<b>0.610</b>	<b>0.800</b>	<b>0.697</b>	<b>0.600</b>
Schuyler	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Scott	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Shelby	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
St. Clair	1.43%	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Stark	0.01%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Stephenson	0.20%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Tazewell	0.43%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Union	0.06%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Vermilion	0.41%	0.905	0.900	0.855	0.820	0.850	0.866	0.900
Wabash	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Warren	0.04%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Washington	0.02%	0.526	0.500	0.710	0.500	0.600	0.567	0.525
Wayne	0.03%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
White	0.02%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Whiteside	0.20%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Will	1.87%	1.000	1.000	0.855	0.820	1.000	0.935	1.000
Williamson	0.38%	0.526	0.500	0.710	0.500	0.600	0.567	0.525
<b>Winnebago</b>	<b>2.14%</b>	<b>0.858</b>	<b>0.850</b>	<b>0.575</b>	<b>0.770</b>	<b>0.600</b>	<b>0.731</b>	<b>0.850</b>
Woodford	0.09%	0.526	0.500	0.575	0.500	0.600	0.540	0.525
Total/Average	100.00%	0.891	0.885	0.902	0.868	0.903	0.890	0.888

Note(s):

Exposure distribution based on statewide distribution of physicians from the 2007 American Medical Association Physician Characteristics and Distribution in the U.S. publication.

Counties with 2% or more of the state's physicians are bolded and shaded.

**Doctors Direct Insurance, Inc.**  
Physicians & Surgeons Professional Liability  
Competitor Rate Comparison - Illinois

Proposed Territory Definitions and Relativities

County	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	
	Exposure Distribution		DocDir Territory		ISMIE Average Relativity		MedPro Average Relativity		ProNatl Average Relativity		APAC Average Relativity		PLICA Average Relativity		DocDir Selected Relativity	
Cook, Jackson, Madison, St. Clair, Will Lake, Vermilion	60.4%		1		1.000		1.000		0.942		0.928		0.960		1.000	
Kane, McHenry, Winnebago	6.9%		2		0.905		0.900		0.855		0.795		0.850		0.900	
DuPage, Kankakee, Macon	5.1%		3		0.858		0.850		0.762		0.770		0.767		0.850	
Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph	12.3%		4		0.763		0.750		0.759		0.680		0.750		0.750	
	2.9%		5		0.716		0.700		0.661		0.634		0.625		0.700	
Grundy, Sangamon	2.8%		6		0.621		0.600		0.715		0.555		0.700		0.600	
Peoria	2.5%		7		0.479		0.450		0.575		0.500		0.600		0.475	
Remainder of State	7.2%		8		0.526		0.500		0.587		0.500		0.600		0.525	
Total/Average	100.0%		xxx		0.891		0.885		0.902		0.868		0.903		0.888	
Relativity to Doctors Direct Insurance					1.004		0.997		1.017		0.978		1.017		1.000	

**Note(s):**

Exposure distribution based on statewide distribution of physicians from the 2007 American Medical Association Physician Characteristics and Distribution in the U.S. publication.

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Permissible Loss Ratio Comparison

	Illinois State Medical Ins Serv	Medical Protective	ProNational Insurance Company	American Physicians Assurance Corporation	Professional Liability Ins. Co. of America	Doctors Direct Insurance
(1) Commissions & Brokerage Fees	4.0%	7.7%	N O T	9.0%	N O T	0.0%
(2) General and Other Acquisition Expenses	3.2%	8.7%	A V A I L	8.2%	A V A I L	9.0%
(3) Taxes, Licenses & Fees	2.0%	1.9%	A V A I L	1.5%	A V A I L	2.0%
(4) Profit & Contingencies	2.0%	4.9%	A V A I L	-0.7%	A V A I L	5.0%
(5) Total Expenses and Profit = (1)+(2)+(3)+(4)	11.2%	23.2%	A B L E	18.0%	A B L E	16.0%
(6) Permissible Loss and LAE Ratio = 1.0 - (5)	88.8%	76.8%	A B L E	82.0%	A B L E	84.0%
(7) DDR Load as a % of Loss and ALAE	4.7%	6.0%	A B L E	3.9%	A B L E	3.9%
(8) Unallocated LAE as a % of Loss and ALAE	4.5%	2.3%	A B L E	8.0%	A B L E	5.0%
(9) Permissible Loss and ALAE Ratio = (6)/[1+(7)]	81.2%	70.8%	A B L E	73.1%	A B L E	77.0%

**Notes:**

Expense provisions are shown as a % of collected rate.

**Doctors Direct Insurance, Inc.**  
Physicians & Surgeons Professional Liability  
Competitor Rate Comparison - Illinois

Comparison of Miscellaneous Rating Factors

Step Factors

Claims-Made Year	(1) ISMIE Step Factor	(2) MedPro Step Factor	(3) ProNatl Step Factor	(4) APAC Step Factor	(5) PLICA Step Factor	(6) DocDir Selected Factor
1	0.250	0.275	0.324	0.250	1.000	0.275
2	0.500	0.475	0.614	0.400	1.000	0.475
3	0.780	0.750	0.807	0.750	1.000	0.750
4	0.925	0.900	0.903	0.900	1.000	0.900
5	0.950	0.950	1.000	0.950	1.000	0.950
6	0.975	1.000	1.000	0.980	1.000	0.980
7+	1.000	1.000	1.000	1.000	1.000	1.000

Premium Credit for Deductibles

Per Claim Deductible	(1) ISMIE Credit	(2) MedPro Ind Only	(3) MedPro Ind &ALAE	(4) ProNatl Ind Only	(5) ProNatl Ind &ALAE	(6) APAC Ind Only	(7) APAC Ind &ALAE	(8) PLICA Ind Only	(9) Selected Ind Only	(10) Selected Ind &ALAE
\$5,000	N	x	x	2.5%	6.5%	1.0%	3.0%	1.0%	1.5%	5.0%
\$10,000	O	x	x	4.5%	11.5%	3.0%	5.0%	3.0%	3.0%	7.5%
\$15,000	T	x	x	6.0%	15.0%	4.0%	8.0%	x	5.0%	11.0%
\$20,000		x	x	8.0%	17.5%	x	x	x	6.5%	15.0%
\$25,000	A	x	x	9.0%	20.0%	7.0%	12.0%	7.0%	7.5%	17.5%
\$30,000	V	x	x	x	x	8.0%	13.0%	x	9.0%	20.0%
\$50,000	A	2% to 14%	6% to 20%	15.0%	30.5%	12.0%	19.0%	12.0%	12.0%	22.5%
\$75,000	I	x	x	x	x	16.0%	25.0%	x	15.0%	27.5%
\$100,000	L	8% to 22%	14% to 29%	25.0%	44.5%	19.0%	30.0%	21.0%	20.0%	35.0%
\$200,000	A	17% to 33%	25% to 43%	37.5%	55.0%	27.0%	43.0%	34.0%	30.0%	40.0%
\$250,000	B	21% to 38%	30% to 49%	42.0%	58.0%	x	x	39.0%	35.0%	45.0%
\$300,000	L	x	x	x	x	x	x	44.0%	40.0%	x
\$500,000	E	36% to 56%	46% to 70%	x	x	x	x	57.0%	45.0%	x

Deductible credits are applied to \$1,000,000/\$3,000,000 limit premium.

Increased Limit Factors

Per Occ/ Annual Agg Limit	(1) ISMIE 1-11, 19 Factor	(2) ISMIE 12, 13 Factor	(3) ISMIE 14 - 18 Factor	(4) ISMIE 20 Factor	(5) MedPro 1,2 Factor	(6) MedPro 3A - 8 Factor	(7) ProNatl All Class Factor	(8) APAC All Class Factor	(9) PLICA All Class Factor	(10) DocDir Selected Factor
\$100K/\$300K	xxx	xxx	xxx	xxx	0.386	0.364	xxx	0.480	0.460	0.450
\$200K/\$600K	xxx	xxx	xxx	xxx	0.525	0.498	xxx	0.620	0.590	0.580
\$250K/\$750K	xxx	xxx	xxx	xxx	xxx	xxx	0.557	0.665	0.640	0.640
\$300K/\$900K	xxx	xxx	xxx	xxx	xxx	xxx	xxx	0.700	0.690	0.690
\$500K/\$1M	xxx	xxx	xxx	xxx	0.776	0.753	xxx	xxx	xxx	0.760
\$500K/\$1.5M	0.728	0.720	0.718	0.716	xxx	xxx	0.782	0.790	0.820	0.780
\$1M/\$1M	xxx	xxx	xxx	xxx	0.961	0.956	xxx	0.980	xxx	0.970
\$1M/\$3M	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
\$2M/\$4M	1.345	1.395	1.472	1.515	xxx	xxx	xxx	1.390	xxx	1.400

Extended Reporting Period Factors

ERP Term	(1) ISMIE ERP Factor	(2) MedPro ERP Factor	(3) ProNatl ERP Factor	(4) APAC ERP Factor	(5) PLICA ERP Factor	(6) DocDir Selected Factor
Unlimited	2.180	1.820	2.400	1.970	2.600	2.100

**Doctors Direct Insurance, Inc.**  
**Physicians & Surgeons Professional Liability**  
**Competitor Rate Comparison - Illinois**

Comparison of Discount Programs

Part-Time Discounts

Hours per Week	(1) ISMIE Credit	(2) MedPro Credit	(3) ProNatl Credit	(4) APAC Credit	(5) PLICA Credit	(6) Selected Credit
1 - 10	40%	50%	(a)	40%	50%	50%
11 - 20	40%	30%	35%	40%	50%	50%

ProNational rates physicians working less than 11 hours per week on a "refer to company" basis.  
The ProNational credit for 11-20 hours is 50% for classes 1 through 7.

Membership Credit

Group Member?	(1) ISMIE Credit	(2) MedPro Credit	(3) ProNatl Credit	(4) APAC Credit	(5) PLICA Credit	(6) Selected Credit
Yes	N/A	5%	N/A	N/A	N/A	5%

Risk Management Discount

# of Years in Practice	(1) ISMIE Credit	(2) MedPro Credit	(3) ProNatl Credit	(4) APAC Credit	(5) PLICA Credit	(6) Selected Credit
1	up to 15%	5%	up to 10%	N/A	-10% to 10%	up to 10%
2	up to 15%	5%	up to 10%	N/A	-10% to 10%	up to 10%
3	up to 15%	5%	up to 10%	N/A	-10% to 10%	up to 10%

New Physician Discounts

# of Years in Practice	(1) ISMIE Credit	(2) MedPro Credit	(3) ProNatl Credit	(4) APAC Credit	(5) PLICA Credit	(6) Selected Credit
< 1	50%	50%	50%	50%	65%	50%
1 - 2	35%	30%	25%	70%	85%	30%
2 - 3	20%	15%	0%	0%	0%	15%
3 - 4	5%	0%	0%	0%	0%	0%

Claim Free Discounts

Years Claim Free	(1) ISMIE Credit	(2) MedPro Credit	(3) ProNatl Credit	(4) APAC Credit	(5) PLICA Credit	(6) Selected Credit
1	0%	0%	0%	0%	0%	0%
2	0%	0%	0%	0%	0%	0%
3	3%	5%	0%	5%	5%	5%
4	6%	5%	0%	5%	5%	5%
5	8%	10%	3%	5%	5%	10%
6	10%	10%	4%	10%	10%	10%
7	12%	10%	5%	10%	10%	10%
8	17%	15%	6%	15%	15%	15%
9	18%	15%	7%	15%	15%	15%
10	19%	20%	8%	15%	15%	20%
11 +	19.5%	20%	9%	15%	15%	20%

Medical Protective also applies a debit rating plan to risks with historical claims.

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

MAR 01 2007

SPRINGFIELD, ILLINOIS

# **DOCTORS DIRECT INSURANCE, INC.**

PHYSICIANS AND SURGEONS  
PROFESSIONAL LIABILITY INSURANCE

RATING MANUAL

MAR 01 2007

**RATING MANUAL  
FOR  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY INSURANCE**

SPRINGFIELD, ILLINOIS

**SECTION ONE – GENERAL RULES**

**I. APPLICATION OF MANUAL**

This manual provides rules, rates, premiums, classifications and territories that will be used by Doctors Direct Insurance, Inc. ("the Company") in providing Professional Liability to Physicians and Surgeons.

**II. COVERAGE FORM**

All policies will be written on a claims made basis.

**III. POLICY TERM**

Policies will be written for a term of one year, and renewed annually thereafter. The policy term may be extended beyond one year subject to underwriting guidelines and state limitations. Coverage may also be written for a period of time less than one year for a short term policy period.

**IV. PREMIUM COMPUTATION**

A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.

B. When a policy is issued for other than an annual term, the premiums will be computed on a pro-rata basis.

**V. FACTORS OR MULTIPLIERS**

A. Unless otherwise indicated, factors or multipliers are to be applied consecutively and not added together.

B. Rate Modifications listed as % credits are applied multiplicatively as follows: rate x (1 – credit %) or rate x (1 + debit %).

**VI. POLICY WRITING MINIMUM PREMIUM**

The minimum annual premium shall be \$250 unless otherwise specified.

**VII. WHOLE DOLLAR RULE**

The final premium for each physician or surgeon for will be rounded to the nearest whole dollar as follows:

A. Any value involving \$.50 or more will be rounded up to the next highest whole dollar amount.

B. Any value involving \$.49 or less will be rounded down to the next lowest whole dollar amount.

**VIII. ADDITIONAL PREMIUM CHARGES**

A. All changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.

B. The rates and rules that were in effect at the inception date of the policy period are to be used in all additional premium calculations. After computing the additional premium, charge the amount applicable from the effective date of the change.

C. Additional premiums of \$25 or less may be waived. This waiver only applies to charges due on the effective date of change endorsements.

**IX. RETURN PREMIUMS**



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- A. Return premiums are computed using rates and rules in effect at policy inception.
  - B. Return premiums are computed pro rata and rounded in accordance with the whole dollar rule when any exposure is deleted, or an amount of insurance is reduced.
  - C. Retain the Policy Writing Minimum Premium.
  - D. Return premiums of \$25 or less may be waived. However, the premium will be returned if requested in writing by the insured.
- X. POLICY CANCELLATIONS**
- A. Return premiums for cancellations initiated by the Company will be computed on a pro-rata basis, rounded to the next higher whole dollar.
  - B. Return premiums for cancellations initiated by the Insured will be computed on a 90% of pro rata basis, rounded to the next higher whole dollar.
- XI. PREMIUM PAYMENT PLAN**

The Company will offer the insured a premium payment plan for every policy period.

**Quarterly Installment Option**

- a. An initial down payment of no more than 40% of the estimated total premium due at policy inception;
- b. The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- c. No interest charges;
- d. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- e. Additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**SECTION TWO – RATING RULES**

- I. SPECIALTY CLASSIFICATIONS**
- A. Each physician is assigned a classification code according to their specialty. The specialty classifications and their associated rating factors are shown on the State Rate Page.
  - B. For the purpose of determining each physician's specialty designation:
    - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
    - 2. The terms "minor surgery" and "major surgery" may apply to general practitioners and specialists.
  - C. The Company will assign specialty class based on the practice profile and procedures noted in the physician's application.. The company may blend the rates of two or more specialty classifications based on the practice profile and procedures noted in the physician's application.
  - D. If a physician's specialty is not listed on the State Rate Page, assign the physician to the classification that applies to the most similar specialty listed.
- II. TERRITORIES**

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- A. Territory assignments are based on each individual insured's practice as insured by the Company. Portions of the practice that are not insured by the Company are not considered.
- B. If an insured practices in two or more territories, the company may blend the rates of the applicable territories.
- C. The territory definitions and associated rating factors are shown on the State Rate Page.

**III. LIMITS OF LIABILITY**

- A. Basic Limits of Liability for Professional Liability Claims Made coverage under this program shall be \$1,000,000 Per Claim/\$3,000,000 Annual Aggregate.
- B. Alternate limits of liability are available. The limit options and associated rating factors are shown in the table below:

Limit of Liability		Limit Factor
Per Claim	Annual Aggregate	
\$250,000	\$750,000	0.640
\$500,000	\$1,500,000	0.780
\$1,000,000	\$1,000,000	0.970
\$1,000,000	\$3,000,000	1.000

- C. For limits greater than \$1,000,000 Per Claim / \$3,000,000 Annual Aggregate, refer to company.

**IV. PRIOR ACTS COVERAGE**

- A. The claims made coverage retroactive date is the initial effective date of continuous coverage by the Company, unless the Company and the insured agree that the retroactive date should precede the initial policy effective date.
- B. Once established, the retroactive date may be advanced only at the request of the insured or with the insured's written acknowledgment.
- C. When prior acts coverage is requested, the claims made year applicable is determined based on the retroactive date and the policy effective date as follows:
  - 1. Determine the number of years between the retroactive date and the policy effective date. This figure is the number of years of prior exposure. Any fractional year difference between the retroactive date and the effective date is calculated on a daily pro-rata basis.
  - 2. The claims-made year is the years of prior exposure plus 1.
  - 3. For fractional claims-made years, the applicable claims-made step factor is calculated using straight line interpolation between factors for surrounding claims-made years.
- D. The following claims-made step factors are applied to the premium.

Claims-Made Year	Step Factor
1	0.300
2	0.550
3	0.775
4	0.925
5+	1.000

**V. BASE RATE**

The base rate is shown in the State Rate Page.

**VI. RATE MODIFICATIONS**

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**A. Part Time Physicians**

1. Any insured who the company determines is working as a part time practitioner will be eligible for a reduction in the otherwise applicable rate for that specialty. The credit for a part time practitioner is 50%.
2. The part time credit is not applied to the Extended Reporting Period Coverage rating unless the insured was rated part time for more than 24 months prior to the effective date of an Extended Reporting Period Endorsement.
3. No other credits are to apply concurrent with this rule except risk management and membership association credits.

**B. New Physician**

1. A "new" physician shall be a physician who has recently completed one of the following programs and will begin a full time practice for the first time:
  - a. Residency;
  - b. Fellowship program in their medical specialty;
  - c. Fulfillment of a military obligation in remuneration for medical school tuition;
  - d. Medical school or specialty training program.
2. To qualify for the credit, the applicant will be required to apply for a reduced rate within six months after the completion of any of the above programs.
3. A reduced rate will be applied in accordance with the credits shown in the table below:

Year of Practice	Credit
1 <sup>st</sup>	50%
2 <sup>nd</sup>	30%
3 <sup>rd</sup>	15%
4 <sup>th</sup>	0%

**C. Physician's Leave of Absence**

1. A physician who becomes disabled, or is on leave of absence for a continuous period of 45 to 180 days, may be eligible for restricted coverage at a reduction to the applicable rate for the period of disability or leave of absence.
2. This will apply retroactively to the first day of disability or leave of absence.
3. Leave of absence may include time to enhance the medical practitioner's education, but does not include vacation time, and the insured is only eligible for one application of this credit for an annual policy period.
4. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and rate reduction.
5. A premium credit of 75% will apply during the period of disability or leave of absence.

**D. Physicians Military Leave of Absence**

1. A physician, who is on military leave of absence for a continuous period of 45 days or more, may be eligible for restricted coverage at no premium charge during the leave of absence period. This will apply retroactively to the first day of the leave of absence. Only one application of this credit may be applied to an annual policy period.

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2. A written request must be received by the Company within 30 days of the first day of the disability or leave of absence, in order to be eligible for the restricted coverage and premium waiver.

**E. Schedule Rating**

The Company shall utilize a schedule of modifications to determine appropriate premiums for certain insureds, or groups of insureds, who in the opinion of the Company, uniquely qualify for such modifications because of factors not contemplated in the filed rate structure of the Company.

The premium for a policy may be modified in accordance with a maximum credit or debit modification indicated on the State Rate Page, and may be applied to recognize risk characteristics that are not reflected in the otherwise applicable premium. All modifications applied under this schedule rating plan are subject to periodic review. The modification shall be based on one or more of the following specific considerations.

Characteristics	Max Credit	Max Debit
Cumulative Years of Patient Experience	15%	15%
Classification Anomalies	15%	15%
Claim Anomalies	15%	15%
Control Procedures	15%	15%
Number / Type of Patient Exposures.	15%	15%
Organizational Size / Structure	15%	15%
Medical Standards, Quality & Claim Review	15%	15%
Other Risk Management Practices and Procedures	15%	15%
Training, Accreditation & Credentialing	15%	15%
Record – Keeping Practices	15%	15%
Utilization of Monitoring Equipment, Diagnostic Tests or Procedures	15%	15%

**F. Membership Credit**

1. A 5% premium credit may be given to those insureds who are members of a qualified association.
2. Qualified associations are subject to Company approval.

**G. Claim Free Credits**

1. If no claim has been attributed to an insured, the insured will be eligible for a premium credit according to the following table.

Years Claim Free at Renewal	Credit
less than 3	0%
3 to 4	5%
5 to 7	10%
8 to 9	15%
10 or more	20%

2. A claim under this policy shall not, for the purpose of this premium credit program, be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.
3. Insureds converting coverage to the Company, who were claim free while insured by another carrier, shall qualify for credit at the policy inception date in accordance with the Company guidelines.
4. Years the insured was working part time will not be considered in the determination of years claim free.

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**H. Large Group Rating**

1. A Group comprised of 10 members or more may be collectively rated.
2. Group is defined as any collective decision making group / body of insureds who may be owners of, employed by or under contract with a specific and distinct corporation, partnership or association.
3. The premium for a Group will be determined by multiplying the group's manual premium by any credits or debits assigned to the Group under the Schedule Rating Plan, Deductible Credit Rule, or Self Insured Retention Credit Rule. The group's manual premium will equal the sum of the individual manual premium for each scheduled insured covered under the policy. The individual manual premium will equal the filed rate for the scheduled insured minus any applicable Part Time, Risk Management, or Leave of Absence credits. However, once the premium for the Group has been established, the Company may allocate that premium among the scheduled insureds based upon applicable underwriting criteria.

**I. Aggregate Credit Rule**

1. The application of all approved credits contained in this rating manual shall not exceed 50% for any one insured.
2. This rule does not apply to Part Time Practice, Leave of Absence or Deductible Credits.

**VII. OPTIONAL COVERAGES**

**A. Locum Tenens Physician**

1. Coverage for a physician substituting for an insured physician will be limited to cover only professional services rendered on behalf of the insured physician for the specified time period. Locum Tenens will share in the insured physician's Limit of Liability. No additional charge will apply for this coverage.
2. The locum tenens physician must complete an application and submit it to the Company in advance for approval prior to the requested effective date of coverage.
3. Coverage shall extend for a maximum of 30 days during any one policy period beginning with the first assignment, regardless of the number of substitutes.

**B. Corporation/Partnership/Professional Association Charge**

1. If coverage is provided on a separate limit of liability basis, the premium is computed, per Corporation/Partnership/Professional Association, as one mature exposure unit of a non-surgical specialty classification that represents the prevailing specialty of the group practice plus the lesser of either 10% or the average of the developed physicians' premiums.
2. If a solo-practitioner desires coverage for the corporation/partnership/professional association, coverage can be provided for no additional premium charge, in which case the practitioner and the corporation/partnership/association share in the limit of liability.

**C. Extended Reporting Period Endorsement**

1. A named insured who is a person, and any additional named insured(s), may purchase an extension of coverage of at least twelve (12) months called an extended reporting period endorsement, if the named insured and additional named insured(s) have complied with all terms and conditions of this policy, and:
  - a. this policy is cancelled or non-renewed for any reason; or
  - b. during the policy period any additional named insured(s) ceases to have a practice relationship with the named insured listed in item 1. of the Declarations Page.

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The named insured or additional named insured(s) must purchase an extended reporting period endorsement by requesting the extended reporting period endorsement in writing and paying the premium within thirty (30) days after the termination of coverage.

2. The premium for an extended reporting period endorsement will be calculated as follows:

- a. 100% of the actual premium in effect at policy issuance for a 12-month extended reporting period;
- b. 160% of the actual premium in effect at policy issuance for a 24-month extended reporting period; or
- c. 190% of the actual premium in effect at policy issuance for a 36-month extended reporting period.
- d. 210% of the actual premium in effect at policy issuance for an unlimited extended reporting period.

The premium for the extended reporting period endorsement is fully earned; and

Full and timely payment of the premium are conditions precedent to the Company's obligation to provide an extended reporting period endorsement.

3. The Extended Reporting Period Endorsement:

- a. does not extend the policy period;
- b. does not extend the scope of coverage provided under this policy and applies only to otherwise covered claims or incident(s) which result from rendering or failure to render professional services on or after the retroactive date and before the end of the policy period, of which written notice is received by the Company during the extended reporting period.
- c. cannot be canceled.

5. Limits of Liability

The extended reporting period has no separate limit of liability, and does not increase the limits of liability.

6. An extended reporting period endorsement will be provided and the premium charge will be waived by the Company if, during the policy period:

- a. any named insured or additional named insured(s) dies;
- b. named insured or additional named insured(s) completely and permanently retires from the clinical practice of medicine, as determined by the Company, and has been continuously insured with the Company, under a claims made policy for the last five (5) years before retirement and is at least 55 years of age.
- c. any named insured or additional named insured(s) becomes disabled.

The insured or his or her representative must notify the Company of any such death, disability or retirement within thirty (30) days of such event, and provide certification of death, disability or retirement, and such other proof as the Company may request.

If any named insured or additional named insured(s) returns to active clinical practice of medicine, as determined by the Company, after receiving an extended reporting period endorsement for which the Company waived the premium due to disability or retirement, the Company reserves the right, in its sole discretion, to rescind the premium waiver and to collect any premium due.

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**ILLINOIS STATE RATE PAGE  
FOR  
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SPRINGFIELD, ILLINOIS

**I. PHYSICIAN CLASSIFICATION PLAN**

**A. Specialty Class Assignments**

Class	Specialty
1	Allergy, Public Health, Administrative Medicine, Aerospace Medicine, Physical Medicine/Rehabilitation
2	Dermatology - No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Occupational Medicine, Ophthalmology - No Surgery, Otorhinolaryngology - No Surgery
3	Geriatrics - No Surgery, Pathology, Psychiatry (Excl. Shock Therapy), Rheumatology
4	Dermatology - Minor Surgery, Family/General Practice - No Surgery, Endocrinology - No Surgery, Hematology/Oncology - No Surgery, Industrial Medicine, Ophthalmology - Minor Surgery, Psychiatry (Incl. Shock Therapy), Pediatrics - No Surgery, Nuclear Medicine
5	Dermatology - Surgery, Diabetes, Urology - No Surgery, Otorhinolaryngology - No Surgery
6	Cardiovascular - No Surgery, Hematology/Oncology - Minor Surgery, Infectious Disease - No Surgery, Gynecology - No Surgery, Hospitalist, Nephrology - No Surgery, Ophthalmology - Surgery, Plastic Surgery - No Surgery, General Surgery - No Surgery
7	Anesthesiology, Pain Management, , Diagnostic Radiology - No Surgery, Internal Medicine - No Surgery
8	Geriatrics - Minor Surgery, Gastroenterology, Infectious Disease - Minor Surgery, Endocrinology - Minor Surgery, Nephrology - Minor Surgery, , Otorhinolaryngology - Minor Surgery, Pulmonary Diseases, Radiation Oncology, Radiation Therapy, Urology - Minor Surgery, Orthopedic Surgery - No Surgery, Cardiac Surgery - No Surgery, Vascular Surgery - No Surgery, Thoracic Surgery - No Surgery
9	Family/General Practice - Minor Surgery, Internal Medicine - Minor Surgery, Urgent Care, Neurology - No Surgery, Podiatry Surgery, Diagnostic Radiology - Minor Surgery, Pediatrics - Minor Surgery
10	Urology - Surgery, Neurosurgery - No Surgery
11	Cardiovascular - Minor Surgery (Left Heart Catheterization), Cardiovascular - Minor Surgery (Right Heart Catheterization), Gynecology - Minor Surgery, Intensive Care Medicine, Neurology - Minor Surgery, Otorhinolaryngology - Surgery (Excl. Plastic), Diagnostic Radiology- Surgery
12	Colon & Rectal Surgery, Family/General Practice - Major Surgery, Gynecological Surgery
13	Head & Neck Surgery, Emergency Medicine - Minor Surgery
14	Emergency Medicine - Major Surgery
15	General Surgery, Hand Surgery, Abdominal Surgery, Pediatric Surgery
16	Orthopedic Surgery - Excl. Spine, Plastic Surgery, Otorhinolaryngology - Surgery (Incl. Plastic)
17	Neonatology
18	Cardiac Surgery, Vascular Surgery, Traumatic Surgery, Thoracic Surgery
19	Obstetrics - Surgery, OB/GYN - Surgery, Orthopedic Surgery - Incl. Spine
20	Neurosurgery

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**ILLINOIS STATE RATE PAGE  
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**B. Class Factors**

Class	Factor	Class	Factor
1	0.550	11	1.850
2	0.667	12	2.150
3	0.800	13	2.400
4	1.000	14	2.700
5	1.050	15	3.000
6	1.167	16	3.300
7	1.250	17	3.600
8	1.400	18	4.000
9	1.550	19	4.400
10	1.650	20	6.500

**II. TERRITORY FACTORS**

Territory	Factor	Counties
1	1.000	Cook, Jackson, Madison, St. Clair, Will
2	0.900	Lake, Vermilion
3	0.850	Kane, McHenry, Winnebago
4	0.750	DuPage, Kankakee, Macon
5	0.700	Bureau, Champaign, Coles, DeKalb, Effingham, La Salle, Ogle, Randolph
6	0.600	Grundy, Sangamon
7	0.475	Peoria
8	0.525	Remainder of State

**III. BASE RATE**

The mature claims-made rate for the base territory (i.e. territory 1), base classification (i.e. class 4) and the basic limit of liability (i.e. \$1,000,000/\$3,000,000) is \$30,000.

**IV. SCHEDULE RATING MAXIMUM**

The schedule rating maximum debit/credit is +/-50% with the exception of credits applied for Leave of Absence, Military Leave of Absence, or Restricted Practice.